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NPTA MANAGEMENT NEWS

November **1983**

Highlights

Zellerbach Reorganizes Operation

The Zellerbach Paper Company has accomplished a sweeping reorganization of its operation creating "business units" to replace traditional departments. (Page 2)

$50 + Billion Electronic Publishing Market?

A study just released by Printing Industries of America states that a "fundamental" change is taking place in how materials are printed and published. (Page 4)

Continued Growth In Disposable Diaper Market

Sales have climbed to nearly 15 billion disposable diapers, 80% of the $2 billion diaper market. (Page 5)

Reliable Paper's Computer Keeps Price Books

An accurate price book is a key asset. The Reliable Paper Company of Milwaukee uses their computer system to stay on top of price changes. (Page 6)

The Future Of Warehousing/Physical Distribution

There are a number of important factors which are changing the way paper is held in inventory and transported to customers. How has warehousing changed, and what will affect the warehouse manager of tomorrow? Statistics from NPTA's recently released Paper Merchant Performance (Page 7), and an in-depth look at this changing area (Page 8) provide insight for paper distributors.

Selling: Inside Out

A two-part series begins this month with a case history demonstrating how sales productivity can be increased using inside people. Next month—adding telemarketing to the system. (Page 10)

Washington Issues

A monthly staple of this publication is its "Washington Watch" which helps paper distributors focus on what they need-to-know about what is going on in our nation's capital. Check the "Important Issues" on page 15.

The Return Of The 39-er's

Bill Goldsword's Young Executive Forum column reveals what the 39-er's are all about, and gives readers on opportunity to respond. (Page 16)

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NATIONAL PAPER TRADE ASSOCIATION, inc

News of Paper Trade Activities

Zellerbach Paper Reorganizes Operation

The Zellerbach Paper Company, headquartered in San Francisco, CA, announced a sweeping reorganization of its operation which is designed to provide a more responsive and entrepreneurial framework for serving its varied customer base. In place of the traditional Printing Paper and Industrial Departments, Zellerbach has formed fully operative business units with responsibility for moving merchandise to the market, including profitability and ROI.

In announcing the reorganization, Zellerbach's new president, Frederick J. Stabbert cited the company's expanding markets and rapidly changing business profile as key factors. "In the past 25 years Zellerbach Paper Company has grown from a western regional paper distributor to a national distribution organization encompassing several key businesses. The objective of this new structure is to permit these businesses to pursue independent strategies that will enable them to function more effective and more profitably."

"We are really not one single business", continued Stabbert, "we're a printing paper merchant business and an industrial distribution business. We are giving our people the structure and organization needed to run these businesses successfully. Additionally, we are also a physical distribution business, whose function is to provide the facilities, warehousing expertise and delivery efficiencies to run our operations cost-effectively."

Each of the new business units will be under the direction of a group vice president reporting directly to Stabbert. The Printing Paper Business Unit is under the supervision of F. Dale Simonsen, the newly appointed Vice President, Printing Papers, and the Industrial Business Unit is headed by Walter G. Woodbury, Vice President, Industrial. In charge of site operations is Philip L. Ferris, Vice President, Physical Distribution. Each business unit maintains divisions in key Zellerbach markets and may share facilities where appropriate.

In addition to the Printing Paper and Industrial Business Units, Zellerbach also operates a wholesale office products business with eight independent Zellerbach Office Products Divisions in the western states, and Stationers Distributing Company in the southern U.S. Group Vice President, Norman H. Wesley, heads this operation.

People In The News

F. Dale Simonsen, formerly Executive Vice President, LaSalle Messinger Paper Company, Broadview, IL, has been named Vice President, Printing Papers, Crown Zellerbach Distribution Group, San Francisco, CA. Simonsen will direct CZ Distribution's Printing Paper Business Unit which includes Zellerbach Paper Company in thirteen western states, Virginia Paper Company, and Southern Paper Company in the southeast.

Ris Paper Company, Inc. announced that **Lloyd O. Hoffman, Jr.** has been named President of the company's Washington Division. He was formerly executive Vice President/General Manager of the Division.

Mead Merchants in the Michigan Area reported that **John Garavaglia** has retired after more than 46 years with the company. He started in the warehouse and was most recently a buyer and manager of the Industrial Department.

Blake, Moffitt & Towne, Brisbane, CA, announced the appointment of **Michael F. de la Cuesta** as General Merchandising Manager for Printing and Business Papers. Also appointed was **Everett S. Walker** as Controller of the company.

Carolee Calvo has been named Finance Manager of the West Coast Paper Company, Seattle, WA, and **John Bradley** as Controller of Affiliated Operations. **Jim Crum** just celebrated his 25th anniversary with the company.

Wisconsin Tissue Mills has named **Charles Cianciola** as Executive Vice President who will be responsible for sales, marketing personnel, finance and administrative functions.

Frank Slover has been named Director of Corporate Communications for the Georgia-Pacific Corporation. He was previously Corporate Public Relations Manager.

Crown Zellerbach has appointed **Susan Tohbe** as Division Vice President responsible for corporate purchasing and two transportation subsidiaries.

Potsdam Paper Corporation has appointed **William G. Woltjen** to the position of General Sales Manager of the company.

Nekoosa Papers, Inc. has announced the appointment of **Harry G. Brown** as Vice President and Director of Planning.

Carolina Paper Featured

Carolina Paper and Builders Materials, Inc. was featured in the business section of the *Charlotte News* on August 31, 1983. The article describes the company's road back to health when six of the firms managers purchased it in 1976.

The article frequently quotes Carolina's president Walter Lamb. He says that much of the company's success has been due to "good people taking care of inventory and management of accounts receivable."

The employee stock ownership plan helps workers keep their sights on the profitability of the company. The other benefit to them is, according to Mr. Lamb, "input into what's being done in the business. We have had monthly management meetings, annual stockholder meetings, and quarterly open company meetings."

The company operates like a close family. "We've come from being flat on our back," says Mr. Lamb, "to being upright."

Seaman-Patrick Acquires Southon Paper Company

The Seaman-Patrick Paper Company of Detroit, MI has acquired the Southon Paper Company of Kalamazoo, MI, and a majority interest in Paperpoint, Inc. of Kalamazoo and Grand Rapids, MI, and South Bend, IN.

These companies have been merged into Southon Paperpoint, Inc. The new company will continue the fine paper converting operation in Kalamazoo, and the "Cash and Carry" distribution centers in Kalamazoo, Grand Rapids, and South Bend, in addition to expanding fine paper merchant sales in Southwestern Michigan and Northern Indiana.

The new officers of Southon Paperpoint, Inc are: Richard H. Jones, President; Edward Davis, Executive Vice President; John Hart, Vice President; Mike Roschek, Vice President.

Butler Acquires Triquet

Francis G. Walker, President of Butler Paper Company (Great Northern Nekoosa Corporation), announced today that Great Northern Nekoosa had agreed in principal to acquire the assets of Triquet Paper Company, a wholesale paper distributor in Lansing, Michigan, from Maxco, Inc. After the consummation of the transaction such assets will be transferred to the Butler Paper Company.

Walker indicated that the Lansing paper outlet would complement Butler's other area distribution centers in Detroit, Toledo, Fort Wayne, and Chicago, and will help the company improve its service to central and western Michigan.

Butler Paper Company's headquarters are in Denver, Colorado.

Silver Anniversary Plans Announced

The Garden State Paper Trade Association has announced their 25th Anniversary plans which will include a dinner-dance to be held on March 3, 1984 at the Aspen Manor, Parsippany, NJ. President of the Association, Gene Movshin, reported that the initial response has been outstanding, and a large gathering is expected.

Special room rates for those wishing to stay overnight have been arranged. The Association will host a pool party with open bar on Saturday afternoon.

For more information, contact Paul Hirsch, President, J. Liberman Co., Inc.; 201-823-1100.

A New Direct Mail Association

A new industry association devoted to the interests of the mail order industry is close to establishment by more than 20 executives who are referred to as "originators" of the concept. The name tentatively selected for the new organization is Mailing List Users & Suppliers Association, to be known by the acronym ML/USA.

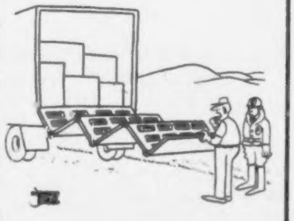
Overseas Paper Available

Intergrated European Printing Paper Mill is interested in developing U.S. Distribution for its Premium #1 Sulfite Coated Paper. Paper distributors wishing more details should contact the NPTA Communications Department.

St. Regis Divests Interest In British Company

St. Regis International Ltd., a wholly-owned subsidiary of St. Regis Corporation, announced that it has agreed to divest its forty percent interest in J.H. Sankey & Son Ltd. of Great Britain, a building materials company.

St. Regis' interest will be acquired by N.C.B. (Ancillaries) Ltd., a wholly-owned subsidiary of the National Coal Board, who is the owner of the remaining sixty percent of Sankey. MN



"LET'S SEE...COLORADO...COLORADO...I KNOW I HAVE YOUR LICENSE PLATE HERE SOMEWHERE."

NPTA

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MERCHANT BRIEFINGS

PRINTING PAPER

$50+ billion market emerging in electronic technical publishing systems according to PIA study. Between 1983 and 1989, the market for Electronic Technical Publishing systems will climb to over $50 billion. This finding is the highlight of a year-long two-volume study entitled "Electronic Technical Publishing." The research was performed by Inter/Consult, Inc. and Design and Research, Inc. with sponsorship from the Printing Industries of America, Inc. (PIA).

"The advent of Electronic Technical Publishing (ETP) will fundamentally change the methods and economics of producing and distributing almost all the many types of documents which are the life blood of industry" according to Inter/Consult Director David Henry Goodstein. "We are on the verge of a revolution in the way we create, manufacturer and distribute information. The over $200 million worth of venture, public market capital and industrial R & D funding presently dedicated to development of ETP solutions is already resulting in a veritable wave of new products and partners to address the needs of this market."

Electronic Technical Publication systems finally harness the tremendous capabilities of state-of-the-art computer systems for the job of producing complex documents with high quality graphics and typographic quality text. ETP draws from the cornucopia of recent technological advances in processing of data, text, and images, as well as new ways of scanning and recording hard copy. Since ETP systems require integration of numerous different technologies, there has been a serious lack of adequate information on these important market developments, Goodstein added.

For more information, contact Michael Nolan at PIA, 1730 N. Lynn Street, Arlington, VA.

More "printing" being done now on electrostatic copying machines. Rapid development of electrostatic technology has yielded a generation of easy to use and efficient copiers, says the National Association of Printers & Lithographers in a special report.

With the introduction of Xerography in the mid 1970s, "output quality of copiers has improved to the point where it is now comparable to that of offset printing duplicators within limits," the report said. "Although printing on a wide range of coated and uncoated stocks, use of colored inks, and envelope printing is still work for an offset duplicator, copiers can now produce black and white materials up to 11x17" generally deemed comparable to offset quality in image density, bold image coverage and sharpness."

NAPL said there are now over 50,000 electrostatic copier duplicators worldwide, and by 1990 sales of these copiers will equal sales of offset printing duplicators.

"At least 1/3 of the nation's commerical and in-plant printers will change their duplicating systems by the end of the decade," NAPL predicted.

Sharp upturn in '83 outlook for magazines. Many major magagazines are selling more ad pages for the third and fourth quarters than expected. "Something is going on out there," said Carol Taber, associate publisher-ad director of *Working Woman*, "It's difficult to project how wonderful it's going to be," she continued. October will be 44% ahead in ad pages at *Working Woman*, atop a 27.7% increase for the third quarter, which includes a September issue larger than any the magazine has previously published.

"We're feeling very bullish," said Cathleen Black, *New York's* publisher, who expects 1983 to be a record year. So far, pages are about 14% ahead of a year earlier. Even those magazines that are behind last year's levels in pages or revenues are feeling good about the rest of the year.

Power of print. There is a growing concern in graphic arts circles about electronic communication replacing print media. The National Printing Equipment and Supply Association (NPES) has, for some time, run advertisements in magazines such as *Advertising Age* to promote the printed word. Under the banner "Print...A Lasting Impression," the full page ad seeks to thwart the impact of television and radio as advertising media (without directly naming them).

NPES recently called a meeting of Association representatives from all corners of the graphics world to discuss the future of print media (NPTA was represented by John J. Buckley, Jr.). Those in attendance agreed that people are enamored by electronic media, but print is still the most cost effective avenue to get the message out. Consequently, any future campaign efforts should be directed at advertisers and advertising buyers because it is at their direction that money moves from one medium to another. Money talks.

Printing and graphic arts is the seventh largest industry in the United States. It may be true that the industry needs a public relations program to generate continued support, but more importantly it may be possible to increase the market share of print media in the electronic age.

This is just the beginning of a coordinated effort to promote print communications. The Printing Paper Committee of NPTA wishes to have *Management News* readers kept informed of progress made in this area.

Industrial Paper

Disposable diaper market continues to grow. Sales of disposable diapers has more than doubled in the past ten years to stand at almost 15 billion diapers in 1983. The reason for this is twofold: The increasing birth rate and the general acceptance of the disposable diaper in the United States. Today, disposable diapers represented $2 billion in sales—80% of the total diaper market.

To the surprise of many, paper diapers have been around since the 1950's. But, it really was not until the Procter & Gamble campaign of the mid-sixties that convinced the public that disposables were preferable, cheaper and more convenient then sending cotton diapers out for service or washing them at home. "Pampers was one of the great innovations in the classic definition of filling the customer's needs," said Jack Salzman, who analyzes Procter & Gamble for Smith, Barney Harris Upham & Co.

It is clear today that disposables are preferred. Look at the evidence in the New York metropolitan area alone. Sales of disposables amounted to $95 million last year, 5% of total U.S. Supermarket sales, according to Bob Wunderle, economist for Supermarkets General. Diaper services have been cut-back severely. From more than 400 services nationwide in the mid-1960s, about 200 remain. In the New York area, there are but a few services still in existence.

Diaper services are catering to a small special interest group, but the predominant mass appeal of disposables continues to erode the market share of cloth diapers.

Survey of usage of disposables. The findings of a single service study, conducted by the Bureau of Foodservice Research of *Restaurants & Institutions* magazine, revealed that, on the average, operators spend 39.5% of their total tabletop dollar purchases for disposables of all types: 60.5% for permanentware. In the disposables category, 59% of the dollars spent go for tableware items (for convenience and saving labor).

Should you add postal services to your outlet store? Two 7-Eleven stores, both in San Diego County, are offering U.S. Postal Service—everything from post office boxes to Express Mail. And though 7-Eleven's parent, Southland Corp. of Dallas, says the two stations are isolated experiments and a "community service," it also notes that franchise owners have the option to open such stations if they choose to.

If the postal services generate increased sales in the two stores, other franchises might well follow suit. so far, the Rancho Penasquitos 7-Eleven store reports that sales are up between 5% and 6% since May, when it began offering postal service. The 7-Eleven is the only post office in town, however. It costs each store about $12,000 a year to operate its postal service.

Industrial Direct Mail. Do you use direct mail advertising to promote your company's products? Have your efforts been well received? Herb Ahrend, a creative genius who has won 45 national awards for campaigns for NCR, 3M, and many other companies, provides the following tips to success in industrial direct mail:

1. Industrial buyers are sophisticated buyers. They want to know *why* you believe they should prefer your widget. You must tell them fully and honestly, but that does not mean pompously or dully.
2. Remember that they are humans, and are, therefore, subject to the same emotions, and to appropriate emotional appeals during business hours.
3. The operative word above is "appropriate," for the purchase of a widget involves personal factors as prestige and risk. Your copy must offer reassurance.
4. Dig in before you begin to write. Start with the process of manufacture of the widget. Find a feature which can be dramatized in terms which are meaningful to the buyer. The more facts you uncover, the easier your writing task will become.
5. Cast your sales story in logical sequence from the reader's point of view.
6. Provide specific, believable evidence to back up every claim. Case histories in the customer's own words are the best type of proof.
7. Ask for the action you want, and, make it easy for the reader to take that action.

A Big Year For Anniversaries... 1983 saw the 100th Anniversary of the paper grocery bag, the 75th Anniversary of the disposable drinking cup, and now it has been revealed — the 50th Anniversary of the six-pack carton!

In September, 1933, the six-pack emerged as a new consumer package used by the nation's brewers. Previously beer had been packaged in twenty-four bottle cases until the six-pack was introduced by Pabst and other mid-west brewers, according to a recent report in *Forbes* magazine. Today, paperboard beverage carriers account for more than 9% of the $3 billion market for paperboard packaging.

Reliable Paper Guarantees Price Book

Customized Software Provides Customers With Current Prices at Low Cost

Reliable Paper Company in Milwaukee is utilizing its in-house; computer to stay on top of the steady stream of price changes and new product offerings from suppliers. An accurate price book is an asset to Reliable in terms of efficiency and reduced overhead, as well as being a selling tool. It benefits Reliable's customers who can use the book as more than just a reference guide for sizes and colors.

The system utilizes a letter perfect printer to produce camera-ready copy suitable for offset printing. Price changes require only the new base cost be entered, so revised pages can literally be ready for the printer on the same day they are received.

The price book system is one of the key results of a data processing upgrade begun three years ago. A complete paper oriented software package was purchased from Distribix, Inc. of St. Louis, and installed on an IBM System 34. The software included all of the standard packages such as General Ledger, Accounts Payable, Accounts Receivable, plus special Order Entry/Billing and Inventory Control systems designed specifically for the paper merchant. But, "a price book system was crucial to our decision to purchase the software" says Philip K. Harvey, President of Reliable. Since the start-up, Reliable has become totally independent of outside data processing support. Each of the packages, including the Price Book system, has been tailored to match Reliable's operations and new areas, such as a Key Customer system and Word Processing have been added.

Once a given product section has been assigned a bracket heading code, a set of markups, and a page number, the programs take over to compute the price for each bracket and add underlining and spacing to create the finished page. To further enhance the look, a feature of the letter-perfect printer, a NEC Spinwriter 5500Q, known as "shadow printing" is utilized.

Special characters formatted into the output key the printer to overstrike chosen sections of text, moving the print head 1/120th of an inch between strokes to form bold characters. This extra definition gives the book more of a typeset look. Another valuable feature of the printer is its ability to use cut sheets fed from a paper tray rather than being restricted to continuous forms. Reliable can use paper right out of the warehouse both for the printing of price book pages and for output from the word processor.

As previously mentioned, price changes require only a change to the base cost for each grade and weight affected. The computer then automatically generates both sheets necessary to reprint the revised page. The pages can be produced and taken to the printer in time to be available on the effective date of a price increase.

All of the index pages, cutting and drilling schedules, a roster and terms of sale are produced on the word processor and can be reprinted as needed. The word processor is actually purchased software which runs on the System 34 using the same CRTs and printer.

Inventory base costs are updated on the date the changes become effective by using programs provided with the inventory system. The price book and inventory are directly tied into Reliable's on-line inquiry programs allowing customer service and sales personnel to call up an individual item's quantity on hand, quantity on order, cost, and pricing both per cwt and per thousand sheets. This effectively answers the two most often asked questions in customer service: "Do you have it?", and "How much is it?".

Another example of integrating the price book into other systems is the daily inventory reports. Reliable sorts its Stock Status Report into the same tabs used in the price book i.e.: Coated, Uncoated, Text, Bond, etc. This uniformity reduces the time needed for look-ups in either book and is even available when accessing information on the CRT.

Reliable uses six terminals and two printers for entering and retrieving data at it's Milwaukee location and has a CRT and printer communicating via telephone from its subsidiaries, Combined Packaging of Appleton, Wisconsin and Harvey Paper Company of Dallas, Texas.

"We feel that our computer system gives us the tools to serve our market and the capacity to grow without excessive increases in overhead." states Mr. Harvey. "The price book performs in both areas; delivering the information our customers need while holding down the cost of providing it."

MANAGEMENT INFORMATION

Warehousing Opportunities in the Mid-Eighties

As the paper distribution industry moves into the mid-80s and beyond, no area of merchant operations will be the focus of more attention than inventory management. Increased customer demands, expanded computer capabilities and continued high interest rates and labor costs, are a few of the reasons for this review of systems and procedures.

Paper merchants will be expected to provide better service levels, but not raise the inventory investment above its 1982 levels of 33%-37% of company current assets. The subject of inventory management can be approached from many directions.

Improvements in computer software and applications will be a significant factor in inventory management changes. The development and use of inventory evaluation measures, such as Turn/Earn* and Gross Margin Return on Inventory* will also aid in management changes. A trend toward evaluation of customer and supplier profitability will also have an impact on inventory management decisions.

Physical distribution costs and productivity levels have an effect on total inventory costs. A few selected warehouse productivity measures taken from the 1982 Performance Analysis Report (PAR) are listed below.

1982 Physical Operations Productivity
Based On 1982 PAR Results
(Median Values)

	Your Firm	Printing	Industrial	Dual
Warehouse* Sales % Of Total Sales		55.4	82.2	72.5
Warehouse Gross Profit Per Warehouse Employee ($000)		202.6	243.8	211.8
Warehouse Payroll % of Gross Profit		9.1	5.9	7.4
Warehouse Payroll Per Warehouse Order ($)		7.38	3.15	5.02
Avg. Daily Warehouse Order Per Warehouse Employee		10.4	19.3	12.9
Avg. Daily Warehouse Lines Filled Per Warehouse Employee		21.3	68.7	33.4
Avg. Warehouse Order Size ($)		355.48	226.11	290.42

*All Warehouse Includes Warehouse & Indirect

Of the three types of paper merchants (printing, industrial, and dual), industrial merchants seem to rely the most heavily on their warehouses. In their case, over 82% of the total sales come from stock. They also have the highest warehouse productivity of the group.

While these industrial figures look good, there is still the need for tremendous increases in warehouse efficiencies. Why? They must compete successfully with other types of wholesaler distribution, such as food and hospital suppliers.

In order to compete effectively, paper merchants must continue to be the excellent merchandisers and sales representatives they are, but they must also become better distributors. They must be merchants who use the latest techniques of inventory management and warehousing procedures. Paper merchants could learn much about physical distribution and inventory control from drug wholesalers and food distributors.

A recent study of *Future Trends in Wholesale Distribution* published by the National Association of Wholesalers (NAW), reported that by 1990, 50% of all wholesalers will be using flow racks, conveyors and automated inventory control terminals. In addition, 25% will be using high stackers and scanning equipment. Paper merchants will have to move quickly into these areas of automation if they are to match these figures.

A major step toward improved operations will be the use of alpha/numeric bar coding systems. Food service papers have been marked with the universal product code. The Department of Defense and the Government Accounting Office have adopted a plan that will require a standardized, three inter-leaf system to be used on all printing paper sold to those agencies. Paper merchants/distributors must be able to respond and adapt to these changes.

In order to meet these new warehousing challenges, new skills for warehouse employees will be needed. As is true in all parts of the business, there will be the need for more sophisticated, well-trained employees. Warehouse operations and maintenance skills will become more important. Computer terminal usage and data processing skills will also become more critical.

Many people who have studied wholesale distribution and paper distribution agree that fixed assets will be deployed to the warehouse in the form of mechanized equipment, storage systems and computers. There will be a little demand to greatly expand the number of bricks-and-mortar warehouses. Regional and centralized warehousing, where all products are not stocked equally at all locations, and electronic branching, the use of telemarketing and computers will handle most of the industry expansion. During the next seven years, warehousing will come under close inspection and will be challenged to be more professional and efficient.

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*Complete explanation of these terms can be found in *Effective Financial Management* by Dr. Peter Mullins.

The Future of Warehousing/ Physical Distribution of Paper

Improvements In Communications Will Help Merchants Do More With Less Inventory

"Every time there is a shortage of space in the warehouse, however temporary it may be, someone will say that you need a new or large building." This quote, originally published in 1965 by the NPTA in the *Paper Merchant's Guide to Warehouse Operations* is as true today as ever. But the pressing space and usage problems which face paper distribution warehousing has come under close inspection in the past few years. Economic conditions in a tight market forced merchants to do more with less — squeezing more product into existing space and utilizing every square foot more productively.

Productivity improvements in the "mechanics" of distribution can be seen in most wholesale operations. The accent on physical distribution has increased the merchant's ability to service his customers. After all, that is what the distributor is all about.

Warehousing goods is a universal concern in many wholesale businesses. Today's paper distributor is seeking better ways to handle and store his products. There are at least five external factors which promise to create a whole new ball game in warehousing, says the *Warehousing and Physical Distribution Productivity Report.*

Economic Impacts To Be Considered

Coming up for the rest of this decade, and beyond, paper distributors will feel the impact of the following broad-ranging factors:

1. The continued and accelerating pace of deregulation of all kinds of transportation services.
2. Scarcity and/or high cost of fuel.
3. Scarcity and/or high cost of money.
4. A pervasive and worldwide economic dislocation.
5. The second industrial revolution.

Deregulation And Its Impact

It has only been since 1980 that the country began to deregulate the transport of goods. In Washington, both sides of the isle supported the legislation, and even some common carriers. The real opposition has been the transportation unions.

Some feel that deregulation is only a "fad" and so will pass. It now appears that this is a growing trend, and with its momentum, will sweep away other regulatory agencies. There are predictions now, says the *Productivity Report,* that the ICC, the Federal Maritime Commission, and the Civil Aeronautics Board may disappear.

Fuel In Our Future

There is no question that petroleum will be the dominant fuel source long into the future. Although there have been a few technological breakthroughs recently, it is safe to say the petroleum will be running your trucks for many years to come.

The best evidence of a trend to count on is the improvement in fuel efficiency. The savings will be relative, though based on possible future price increases of fuel. The stabilization of fuel prices over the past twenty-four months may be giving us a false sense of security.

Will there be shortages in the future? It's hard to say, but one thing is certain: Since the problems which faced the United States in the middle east in the seventies, this country has severely reduced its dependence on oil from that region. From a position of being our number one supplier, the Persian gulf states have now dropped to sixth, and our own generation of fuel has improved from 20% to 50% of our daily needs. The possibility of shortage has been significantly reduced.

Economic Impacts

The cost of money is still high compared with the price of other commodities. Experts agree that we must get interest rates down, and keep them down.

Because double digit interest rates have been around for so long, no one is predicting an end to them. The important thing to keep in mind is that what we are experiencing in the United States is part of a world-wide situation. Although the economy is now heating-up for paper distributors, some feel that we are in for a long term of less-than-satisfactory growth.

Technology and Distribution

The American Industrial scene is changing. The decline in "smoke-stack" industries and a shift to the service sector is creating new high technology businesses.

The fallout from this shift is seen in many areas, not the least of which is people. Your new personnel coming in are increasingly "displaced" persons. The burden falls on the hiring company to select the right person for the job and train him.

How Will Paper Distributors Be Affected

Given the discussion above, paper merchants must be aware of how their individual business will be affected. Looking specifically at the physical distribution of paper, distributors *must* be able to answer a number of key questions:

1. Do you need more warehouse locations? There is no one answer, of course, but a number of factors should be considered. The pressures of high priced money is forcing reductions in inventory. The important question to answer for your company is can you manage your business with a lower inventory level?

Improvements in communications technology will allow the merchant to do more with less inventory. A reliable information system and real-time inventory control will give the merchant up-to-the-minute data. For example, he will know how many cases of a particular product are on the floor of the warehouse **this minute** (including deductions for shipments which left the warehouse thirty minutes ago), and new stock arriving at the loading dock.

In opposition to reduction of inventory, or doing-more-with-less through better control, the growth made for your company may still be in adding new warehouse locations, or satellite stations. Increasing service to a larger geographic area may require more inventory.

2. Should you lease or own your warehouse space? The ownership of a warehouse usually gives the company a built-in way to keep pace with inflation. His investment will increase in value, and in fact, since World War II, industrial real estate value has run ahead of the cost of living. Some say that the big real estate gains of the past may be over, and ownership of warehouse space may be less attractive. The reason given for this is that in many cities there is more empty warehouse space than ever before.

There are now tax incentives to fix-up older buildings. The cost/benefit of repairing and inhabiting an older warehouse compared with building a new one at the current per square foot cost is considerable.

If you lease, you may want to consider a short term arrangement (less than three years). This avoids the need to capitalize the value of the lease on your company's balance sheet. There are some attractive short term leases available today because of the "soft" real estate market. But one thing must be remembered: Three years is not much price protection.

3. Should you change your warehouse design? For one thing, rail dock space for many paper distributors has become less important. Some transportation futurists predict the demise of the boxcar, being totally replaced with piggybacks. Solution? Fill in your rail pit and add new floor space to your warehouse. Or, use it for long-term, dead storage.

As tonage moves to trucks, will you have enough doors to accommodate the traffic? In any new construction, it is suggested that a dropped footer be included along the *entire wall* planned for truck activity. This will allow you to add more dock space as needed.

New truck dimensions may play havoc with your existing door space. As truck bodies change, you may find that your doors are too small.

4. What will affect site selection for a warehouse? The two factors that must be considered are market and population as you look into the future. National and local population shifts move both people and businesses around. Have your existing facilities been deserted by the population which moved to the suburbs?

Considerations also to keep in mind are backhaul availability, access to independent truckers, nearness to highways and major business areas.

There are many factors impacting on the warehousing and physical distribution of paper and allied products. The trends discussed are by no means certain to continue. As the world and national economy changes, as the needs of your customers change, so too will the distribution of paper and its associated products.

DIMENSIONS IN TRAINING

Selling: Inside Out

Part I: Increasing Sales Productivity

Part one of this article will explore the issue of outside salespeople giving up some of their accounts coupled with the importance of an expanded role for the inside order desk. Jacques St. Pierre, Vice President and General Manager of J.B. Rolland Paper Company in Montreal outlines his company's experience with the new marketing approach of selling through their inside sales people.

In part two, Ed Mazer, President of Standard Paper and Merchandise Company of Springfield, MA. describes how his Qantel Distributor Package system has integrated telemarketing and the computer.

Introduction

Paper Distributors across the nation have historically operated with the philosophy that all outside accounts worthy of attention should be called on only by outside salespeople. This meant that, whereas sales calls vary in productivity and profitability (based on the account's potential), outside salespeople could actually waste their time by continuing to call on all of their customers.

While costs in many areas are stabilizing, Milt Cotter, President of Profiles International determined through surveyes that overall outside sales costs are *not* declining. "They are, in fact, gradually rising. Good salespeople—those willing to follow an employer's guidelines, procedures and sales techniques—are still hard to find and competitive bidding continues to search for the "best people" to produce outstanding sales. Which is, of course, reflected in the constantly rising costs of outside sales," states Mr. Cotter.

The outside salesperson is rightfully most concerned with profits earned. By holding onto unproductive small accounts he is not making the best use of his time.

The sales manager should be in the position of determining whether customers are to be called on by either the inside or outside sales personnel. Mr. Cotter further notes that a thorough analysis of potential, actual sales volumes and sales costs allows the development of a "Call Plan Grid." Customers in the Grid will fall into one of three categories: 1. Handled exclusively by outside sales, 2. Handled exclusively by inside sales, or, 3. Handled by a reduced number of outside sales calls with inside sales calls between visits.

St. Pierre on Sales

Our company is competing with other wholesalers in the market area for the distribution of fine paper and industrial paper products. The major clients of our industry are obviously printers and consumers.

In order to stimulate the sales of our products, we, as fine paper and industrial paper products distributors have a very limited choice of marketing strategies.

First, there is almost no product differentiation. The companies must carry a sufficient amount of stock to maintain the desired service levels to their customers.

Second, price is a very critical factor. Since the products and prices are usually similar from one distributor to another, the customer services, which includes same day delivery, become very important.

Finally, the products, the prices and services' being similar, a significant portion of the business is based on human relations which exist between the client and the salesperson—outside or inside. The salesperson's role requires him to establish close links to his clients, thus becoming very important.

To encourage growth of sales and market, we developed promotional programs and motivational techniques for our sales people. However, the increasing costs of sales calls led us to review and analyze the productivity of our salespeople, sales call profitability, and revalue our marketing strategies. We measured the sales call cost in relation to sales and gross profit per account that it generated. We implemented time and territory management techniques to insure maximization of effort by the sales staff and assure maximum profit contribution per sales call.

For sales call profitability, we broke down our sales and clients by the amount of their purchases, by determining their potentials, and profit contribution. After measuring profit generated per sales call, we then decided whether it was justified to continue servicing small accounts with an outside salesperson.

We transferred all those accounts with insufficient sales volume and gross profit to inside sales people. Each of our inside sales people was given a list of customers for which he was responsible.

We organized telephone calling as a way to promote sales to these accounts. To do this, we graduated our order desk clerks to inside salespeople. We trained those selected to use the phone to make sales calls and also to use incoming sales to promote products as "ADD ON" sales to customers orders. We set up product promotional programs, clear-out lists, and motivated our people through incentives to sell those products or open up new accounts. As an example, here are a few of our promotional and incentive programs:—

1. Rationalization of our stocking inventory through substitution of equivalent products. The incentive was 15% of the gross profit on each sale and a 5% contribution of the gross into a *pot* to be distributed equally among our sales supervisors and marketing personnel.
2. Clearance of obsolete items or

excessive stocking items through a price reduction. The incentive was 5% of the sales.

3. Promotion of certain exclusive lines or featured products. The incentive was 2% of the sales. Half of the incentive was backed up by the supplier.
4. Promotion of sales to potential accounts or to new accounts. The incentive was 3% on first sales booked.

On regular business generated through the inside sales clerk, we give an average one per cent of the sales.

Incentive earnings over the base salary of our inside salespeople are paid monthly. Last year, they received on an average 15% to 20% additional revenue.

Not only did we generate additional sales, but, depending on the programs, we were able to reduce inventory, promote products with higher profits, found new business with new accounts, and through the interests of our inside sales personnel, gave better service and a higher quality image of the firm.

Our inside salespeople all have additional revenues and challenge. Their efforts are recognized immediately by the extra money they get every month. But most of all, we increased productivity and profit.

The one thing that works is to make your plan simple, attractive and fair.

CHAIRMAN'S CORNER

LIONEL ELTIS
NPTA's Chairman of the Board

Productivity

You can plow 40 acres with a mule and break your back, or you can plow 40 acres with a tractor and do it better, faster, easier, and much more efficiently. Merchants attempt to keep their salespeople out in the field working all day, every day. If a salesperson works all day, every day without a plan, he will be like a 3 year old child lost in the wilderness. He wanders around with no particular place to go, and when he gets there, he doesn't know what to do. We must teach our salespeople how to plan their day, week and month's activities. Then we must supervise that plan to see that it is followed. Unless we do this, we are never going to get the maximum productivity out of our salespeople.

Sales training encompasses many programs. I personally believe that developing the personal traits of our salesforce is most important. We must guide them in the proper dress, how to make a cold call, how to meet a customer, how to make a presentation and ask for the order, and when to say "thank you" and leave.

I also believe that utilizing our mill men to impart product knowledge is absolutely essential.

We must do this on a constant basis in order to carry on an efficient sales training program. All of this is good, but unless our salespeople know where they are going and who they are going to call on, they are not going to be successful. They must also have done their homework and put their samples and presentation in order to be effective in the field.

One of the benefits of your NPTA membership is that your Association is dedicated to helping members increase the productivity of the salesforce. The Education and Training Committee has created a number of programs designed to do just that. Two of the most important programs are the Professional Selling Skills and Managing Time and Territory. These have been created to turn *good* salespeople into *great* salespeople. These and other seminars are available. I urge all of you who wish to increase the productivity of your salesforce to contact NPTA's Education and Training Department for detailed information on available seminars and programs.

Calendar Of Events

November

3-6. Print Pacific. Annual regional trade exhibition of Graphic Arts. San Mateo Exposition Center, San Mateo, CA.

15-17. Trends in Paper Distribution Computerization Conference. First-of-its-kind industry event. Houston, TX. Contact NPTA.

13-20. New York Paper Merchants Association, winter meeting and seminar. Jack Tar Village, Puerta Plaza, Dominican Republic.

16. Boston Paper Trade Association holds its fall meeting at the Copley Plaza, Boston, MA.

December

7-8. Paper Merchant Human Resource Development Conference. Learn effective utilization of all company employees and policies. Atlanta, GA. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

THE MANAGER'S Notebook

Five Ways To Cut Legal Costs

Legal fees are a necessary business expense. But many small companies pay more than they have to. Rather than overspend, says the National Paperbox & Packaging Association, use these tips to save on legal fees:

1) *Reach an understanding with your lawyer about how you will be charged: a) by the hour; b) flat fee; c) contingent fee.*
2) *Seek the most favorable fee arrangement for each particular case.*
3) *Guarantee a minimum number of hours of work during the year.*
4) *Insist on an itemized statement each month.*
5) *Consult with your lawyer on several matters at one time.*

How's Your Own Productivity?

Want to know? Give yourself a "Personal Productivity Audit." It can be used as a productivity improvement tool for anyone. The questionnaire is processed by computer, and the user receives an individualized five-eight page narrative report which analyzes the time management of the individual. Cost: $50. Contact Robert Moskowitz, Personal Productivity Center, 4741 Larkwood, Woodland Hills, CA 91364; 213-992-4657.

Software Directory Available

The **International Directory of Software** *contains over 5,100 proprietary software packages in 107 categories including distribution management, warehousing, transportation, freight, forwarding, billing, etc. May be ordered with quarterly updates. Contact International Directory of Software, Princeton-Forrestal Center, 101 College Road East, Princeton, NJ 08540; 609-452-8090.*

Banks Still Want Your Business

The Research Institute of America (RIA) reports that preferential terms and extended services are out there, but you may have to do some negotiating. They say that some institutions have become "financial supermarkets" and this has forced banks to be more flexible.

Another reason is the increased cash flow in banking generated by the new money market accounts. Banks just have more money to lend. Deregulation has had an impact on the situation too.

Banks are looking for your business, says RIA, and they may be willing to bargain. You may be able to get a loan for 1.5% above prime or less. There may be other goodies in store, if you ask, like: preapproved line of credit, faster check-clearing, and access to in-bank expertise.

Use A Permanent Diary

A professional, who cannot afford to lose or forget notes and conversations keeps track of everything *in a spiral notebook, says Harold Taylor in* **The Time Management Report.** *It becomes an excellent reference book — a diary of his working life. Here's how he describes it:*

"I have an absolute horror of small slips of paper. I use an 8½ x 11 spiral bound notebook in which I record meetings, instructions, telephone calls, whatever, in chronological order, as the events occur. I keep the notebooks — I am now on number 72 — and on more than one occasion they have proved very valuable indeed. The cardinal rule for the system is never *take a piece of paper out of the notebook for any reason. If you want a copy of the notes in a file, photocopy the page(s) from the notebook. If I am forced to make notes on a piece of paper, at the first opportunity, I tape the loose notes into the notebook."*

PAPER MERCHANT SALES REPORT

SEPTEMBER, 1983

	NPTA REGIONS	SALES PER SELLING DAY SEPTEMBER 1983 -COMPARED TO- SEPTEMBER 1982	SALES PER SELLING DAY SEPTEMBER 1983 -COMPARED TO- AUGUST 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE -COMPARED TO- 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF SEPTEMBER		CALENDAR DAYS' COST* OF ENDING AUGUST INVENTORY	
					1982	1983	1982	1983
INDUSTRIAL	1	+ 2.2%	+ 9.1%	+ 5.0%	39	42	64	--
	2	+12.4%	+ 4.3%	+ 1.8%	37	34	50	55
	3	+10.8%	+ 3.7%	+ 5.9%	34	34	55	64
	4	+14.1%	+ 8.9%	+ 9.6%	36	36	56	58
	5	+ 1.8%	+ 4.9%	+ 2.1%	33	37	65	55
	6	+ 3.1%	+ 2.4%	+ 4.0%	35	38	56	--
	7	+ 3.8%	+ 5.1%	- 0.3%	38	35	56	59
	NY METRO	+ 9.0%	+ 9.5%	+ 9.4%	43	43	--	--
	CHICAGO METRO	+ 9.8%	+12.7%	+ 7.5%	40	37	51	54
	LA METRO	+13.1%	+10.2%	+ 5.0%	45	50	60	53
	US	+ 8.9%	+ 5.9%	+ 5.1%	36	37	56	56
PRINTING	1	+19.5%	+15.9%	+13.7%	51	52	69	--
	2	+14.6%	+11.4%	+ 8.1%	44	44	66	62
	3	+16.7%	+ 5.2%	+11.6%	43	44	82	80
	4	+17.6%	+13.0%	+ 8.0%	43	45	69	75
	5	+17.2%	+12.6%	+10.1%	44	43	76	--
	6	+16.3%	+ 9.6%	+ 4.7%	43	39	66	--
	7	+ 5.7%	+ 9.7%	+ 0.1%	39	43	76	82
	NY METRO	+15.7%	+ 1.9%	+ 9.7%	45	42	72	--
	CHICAGO METRO	+13.8%	+16.9%	+10.5%	45	44	66	--
	LA METRO	+17.3%	+13.2%	+13.5%	37	40	74	69
	US	+16.5%	+10.0%	+ 9.0%	44	43	72	74

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC; TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

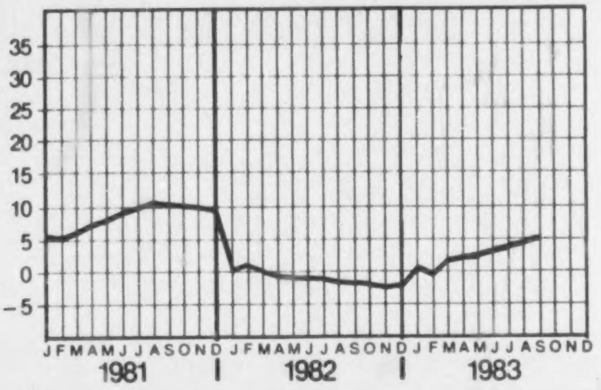
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

Paper Merchant Sales Report

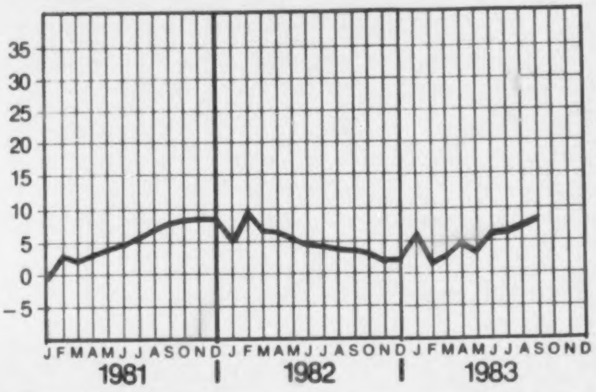
Summary National Trend Information: 1981 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

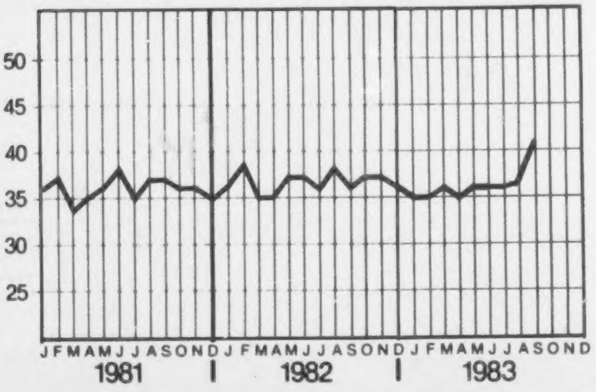


PRINTING PAPER SALES NATIONALLY

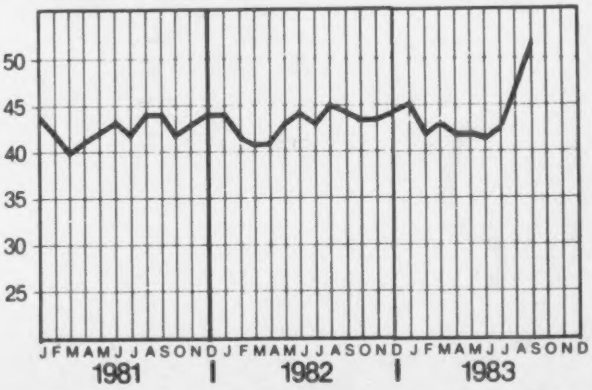


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

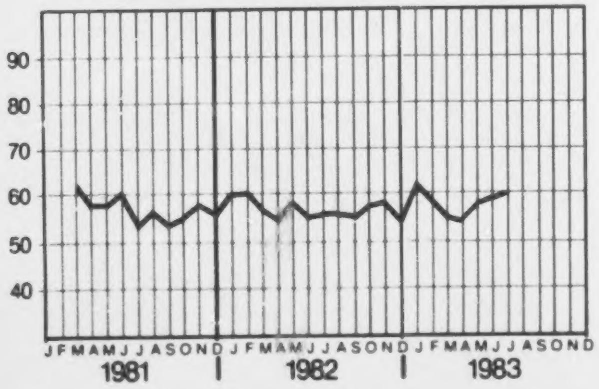


PRINTING PAPER RECEIVABLES NATIONALLY

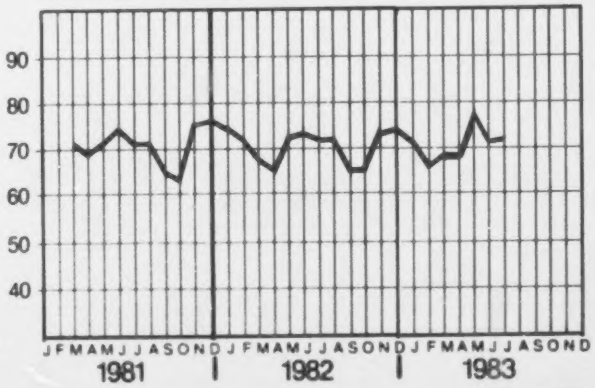


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

Private Brand Product Labeling and State Regulations

The National Association of Wholesaler-Distributors (NAW) in Washington has looked into the concerns surrounding private brand packaging and labeling. They have found that certain packaging and labeling regulations, promulgated by some states, requiring among other things: (a) the name and address of the manufacturer, packer or distributor and (b) where the commodity is not manufactured by the person whose name appears on the label, the name shall be qualified by a phrase that reveals the connection such person has with the commodity, such as "Manufactured for ________," "Distributed by ________," or any other wording of similar import that expresses the facts.

State Laws and Regulations

The Uniform Deceptive Trade Practices Act has been enacted by at least 12 states (Colorado, Delaware, Georgia, Hawaii, Illinois, Maine, Minnesota, Nebraska, New Mexico, Ohio, Oklahoma and Oregon). It declares that a person is engaged in an unlawful deceptive trade practice when, in the course of his business, vocation or occupation, he (a) passes off goods or services as those of another, or (b) causes likelihood of confusion or misunderstanding as to the source, sponsorship, approval or certification of goods or services.

Many states have enacted "little FTC Acts" patterned after the Federal Trade Commission Act and containing prohibitions against unfair methods of competition an unfair or deceptive acts or practices in intrastate commerce.

Other states may have fair packaging and labeling regulations (similar to those in Oregon), but promulgated by administrative agencies authorized to issue them with respect to a broad class of commodities.

Conclusion

As a safeguard against possible complaints by state regulators, some of whom in the name of "consumer protection" may look for windmills to tilt, manufacturers and distributors who rebox stock, or who sell under their label products manufactured by others, may want to consult legal counsel and at least consider including on their label a statement such as "Manufactured by ________" or Distributed by ________." It could avoid the time, expense and trouble of responding to an even unjustified complaint.

Important Issues

CORPORATE SURTAX — Continues to pop up in congressional discussions. NAW and members of Coalition to Reduce High Effective Tax Rates continue to meet with Members of Congress and staff to disabuse them of their support for surtax or potential support for a surtax. In final stages of a congressional session, the appeal of a surtax gains popularity.

INVENTORY TAXATION (S. 1570; S. 1840 H.R. 3464)—New LIFO simplification bill introduced by Senator Bentsen (D-TX). Hearings on H.R. 3464 in House Small Business Committee October 5. Still looking for hearings in Senate Finance and House Ways and Means. Keep up the mail on this one.

OFFICE MACHINE AND EQUIPMENT DEALERS' ACT (S. 286; H.R. 1159)—NAW written statement for the record at Senate Consumer subcommittee hearings on September 14. The message—opposition to S. 286 in any form. Senator Exon (D-NE), prime sponsor of S. 286, is asking for markup this year, although will more likely occur in 1984. House Commerce Subcommittee markup of H.R. 1159 possible for late October, early November. Strong wholesaler-distributor grassroots effort could be needed.

SALES REPRESENTATIVES PROTECTION ACT (H.R. 797, H.R. 3591)—No change to report. However, if proponents can gain the commitments of enough members of the House Commerce Subcommittee, look for Subcommittee Chairman Florio (D-NJ) to take this to markup. Grassroots efforts by wholesaler-distributors has been good. We must keep the letters coming.

GOVERNMENT PROCUREMENT (S. 338; S. 1746; S. 1730)—NAW SAB out on this encouraging cosponsorship and hearings on S. 1746. This bill is tentatively scheduled for hearings on October 28. NAW will submit comments. Letters from wholesaler-distributors important in generating support for bill. Still no floor action on S. 338 and action on S. 1730 this session is doubtful although hearings in Senate Small Business Committee still a possibility.

STATE PROMPT PAY—New Jersey Governor also vetoed prompt pay bills (New York Governor did it last month). Illinois and Washington, D.C. still considering. Prompt Pay Coalition keeping up the pressure. So far, 26 states have enacted pay legislation (11 in 1983).

SINGLE EMPLOYER PENSION PLAN AMENDMENTS (S. 1227; H.P. 3930)—Senator Don Nickles' (R-OK) Labor Subcommittee has conducted hearings on single employer pension reform and markup is tentatively scheduled for November. In the House, Congressmen Clay (D-MO) and Erlenborn (R-FL), introduced H.R. 3930 on September 19. NAW Counsel reviewing the House bill to determine impact on wholesaler-distributors.

ASSOCIATION File

The "39-ers" Have Returned!

By Bill Goldsword
Vice President-Marketing
The Globe Paper Co.
Cleveland, Ohio

Does time seem to be passing you by? Did you discover, as usual, you had overscheduled yourself and couldn't squeeze in the YEF program at last month's convention? You are not alone, but now, because the "39-ers" are here, you may well become the minority.

The "39-ers" are now an integral part of YEF as evidenced by our fine turnout in New York. It is safe to say we will be around for many conventions ahead.

Q. What are the "39-ers" about?
A. To provide continuity within YEF and to act as a bridge to all NPTA activities.
Q. Do I qualify?
A. All NPTA members can attend regardless of age.
Q. But I am over 40 and meant to, but never attended YEF.
A. Doesn't matter.
Q. My son and nephew attend and I thought they wouldn't let me in?
A. They are partners with you in our industry and feel you should be as informed as they. We suggest, out of courtesy, you request a personal invitation.
Q. Where do I sign up?
A. Do it now. Simply clip out the coupon below and mail it today to: NPTA Headquarters.

Editor's Note: Bill Goldsword was the founding chairman of YEF in 1974. He reported that he turned 40 just prior to convention time and that being a "39-er" made no difference at YEF. He "had a great time, learned quite a bit, and re-newed many fine NPTA acquaintances."

Yes, I plan to attend YEF as a "39-er" next year in Chicago.

Yes, send my "39-er"/YEF literature throughout the year.

Name ____________________
Title ____________________
Company ____________________
Address ____________________

NPTA To Hold Human Resource Conference

NPTA's Education and Training Department is pleased to present *Paper Merchant Human Resource Development Conference*—an action-oriented two-day program of workshops and panel discussions providing practical knowledge and skills to train staff more effectively and develop professional competencies to the level of excellence.

Scheduled for December 7-8, 1983 in Atlanta, Ga., *Paper Merchant Human Resource Development Conference* has been custom designed for paper merchants. Each program in this conference will present new theories and concepts in the fields of marketing management, telemarketing, supervisory training, motivation and communication. Participants will be provided with resources and competencies to carry back to their firms for immediate use. Essential skills and information, plus tangible tools (texts, bibliographies, workbooks, tests and job aids) will be provided.

The faculty for each session has been selected for excellence in experience and training techniques.

For more information and to register, contact the Education and Training Department at 516-829-3070.

NPTA
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Great Neck, New York 11021

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NPTA MANAGEMENT NEWS

December 1983

Highlights

Six Companies Receive Membership In NPTA

Congratulations to six firms who have just joined the National Paper Trade Association. All members, directors, and staff wish them much success in the coming year. (P.2)

$3 Billion In Quick Printing Sales

A recently released study of the quick printing industry revealed growth projected through 1986. Trends in this business deserve attention. (P.4)

Growth In Foodservice

From a recent report in *Restaurant Business* magazine, the foodservice industry has shown a 6.5% increase in 1982 sales. The tabular information shown is excerpted from the "Restaurant Growth Index." (P.5)

Gross Profit Per Employee Data

The key to your compensation plan may be in the analysis of your gross profits per employee. The "Management Information" section details the results of the Performance Analysis Report (PAR) in this area. (P.6)

Quarterly Sales And Profits

Shown in this issue are sales and income for 18 supplier companies. (P.7)

Cost-Effectiveness Approach In The 80's

Cost-effective solutions to problems will be remembered as the hallmark of the 80's. This feature article explores cost-effective decision making in sales, management and executive compensation, as well as hiring. (P.8)

Selling: Inside Out

Part II, and the conclusion, of an article discussing industry selling practices utilizing inside people. A unique telemarketing program using a computer comes into focus in this issue. (P.10)

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HAPPY HOLIDAYS!
- NPTA Staff

Route To:

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NATIONAL PAPER TRADE ASSOCIATION inc.

News of Paper Trade Activities

Six Companies Receive Membership in NPTA

Congratulations and welcome aboard to these industrial paper companies:

balpex

Balpex Inc.
2065 Dundas Street East #203
Mississauga, Ontario
L4X 1M2
Rob Napper, President

DANVERS PAPER CO. INC.

Danvers Paper Company
16 Riverside Avenue
Danvers, MA 01923
Leo C. Thibeault, Jr.,
President

JORDAN PAPER PRODUCTS, INC.

Jordan Paper Products Inc.
701 West 23rd Street
Muncie, IN 47302
Nelson Heinrichs, President

MANATEE PAPER CO.

Manatee Paper Company
905 Manatee Avenue East
Bradenton, FL 33508
Charles N. Schieb, President

Passaic-Bergen Paper Company, Inc.

Passaic-Bergen Paper Company
33 California Avenue
Paterson, NJ 07503
Robert E. Dunn, President

Shore Paper Co.

Shore Paper Company
4100 Poplar Street
Philadelphia, PA 19104
Aaron L. Shore, President

People In The News

Copco Papers, Inc. of Columbus, OH has named **David E. Howell** to the position of Vice President of Sales and Marketing. **Ronald A. Fiehrer** was appointed Vice President and General Manager of the company's Pittsburgh Division; also named was **Clement M. Wolfe** as Vice President and Systems Manager. **Spencer K. White** has become General Manager of the firm's Charleston Division and **Kirk Buckham** was appointed as Manager of Information.

James G. Phillips was elected Vice President, Sales and Marketing at the Reliable Paper Company, Milwaukee, WI. The company also named **Anton Jeras** as Vice President, Operations. **Barry T. Hentz** was appointed Sales Manager, Printing and Publishing Papers, and **Philip Des Jardin** was named Director of Purchasing.

The B.W. Wilson Paper Company, Inc. of Richmond, VA named **James W. Evans** as Branch Manager of its Chesapeake, VA operation.

Virginia Paper Company announced the appointment of **Leslie S. Johnson** to the position of Branch Manager of the Tampa, FL office.

Nationwide Papers appointed **Marshall P. Kendall** as Manager of their Dallas, TX operation.

Jim Bliler has been promoted to Sales Manager of the South Bend, IN branch of Inlander-Steindler Paper Company. **Kent Dennis** was appointed to the position of Operations Manager at that branch. **Terry Larson** was promoted to Operations Manager of the South Beloit, IL branch.

Carl Schorske, retired Sales Manager of George W. Millar, celebrated his 104 birthday on November 15. He began working in the paper business for Lindenmeyer in 1894.

Plastics, Inc., a subsidiary of Anchor Hocking, named **James M. Hendrix** as Eastern Region Sales Manager.

St. Regis Corporation elected **Thomas R. Flack** Vice President Management Information Systems.

Harry G. Brown was named as Vice President and Director of Planning at Great Northern Nekoosa.

Joseph J. Robinson was named Vice President, Marketing Services for International Paper.

Champion International appointed **David R. Brown** as Vice President, Communications.

Simpson Acquires Harding-Jones

The Simpson Paper Company, San Francisco, CA, has purchased the Harding-Jones Paper Company of Middletown, OH. Harding-Jones is a manufacturer of high quality cotton content paper. The company was established in 1865.

Gilman Paper Has New President

William H. Davis has been promoted to the position of President and Chief Operating Officer of Gilman Paper. He was Executive Vice President of the company. Richard P. Haggerty was appointed Executive Vice President. Howard Gilman continues as Chairman of the Board and Chief Executive. Gilman Paper is one of the last privately owned large paper mills in the country.

Paper Spectacular Draws Graphic Artists

San Francisco Bay area graphic designers, art directors, and creative printers jammed into the newly opened "Giftcenter Pavilion" on September 29 to view Blake, Moffitt & Towne's "Paper Spectacular."

For over four hours, members of the Northern California graphic arts community filled what was Blake, Moffitt & Towne's Corporate Headquarters and San Francisco Division for 44 years to pour over displays, and reflect on a bit of San Francisco business history.

Highlighting the gala viewing was Mead Paper Company's 27th Annual Report Show, featuring the corporate world's top annual reports.

Also shown were some of the latest offerings of quality printing papers from several industry leaders. Guests were guided through the various exhibits by BM&T executives and marketing personnel who acquainted them with state-of-the-art products and services being offered to the Bay area graphic arts market.

Scott To Sell Brown Jordan

Scott Paper Company announced that it has reached an agreement in principle to sell its Brown Jordan Division to a group of investors, and that it has sold its Foam Division to Foam Acquisition Corp., a subsidiary of General Felt Industries of Saddle Brook, NJ. Also noted was the company's intention to sell approximately 240,000 acres of timberland in Washington.

"The divestitures," according to Philip E. Lippincott, Scott Chairman and Chief Executive Officer, "are consistent with Scott's key objective of increasing returns to our shareholders. We are pursuing this objective by improving significantly Scott's cost-competitive position in areas that represent the central thrust of our businesses."

GWM Acquires Selig

GWM Industries, Inc. (formerly George W. Millar & Company) of New York City has acquired Selig Paper Company. Selig will operate as a separate division of GWM and will be specializing in all types of pressure sensitive and gummed papers, as well as printing and office papers.

G-P Starts $100M Program

The Georgia-Pacific Corp. board of directors approved a program to convert production to higher-margin paper grades and improved product mix at its Crossett, AR, and Palatka, FL mills.

The company will invest approximately $100 million to convert its unbleached-kraft equipment at Crossett to production of printing paper and bleached board grades, while increasing production capability for unbleached kraft at Palatka, which has more efficient facilities for such grades. The program, which will be completed by the end of 1985, will also result in increased tissue output at both Palatka and Crossett while reducing production of pulp for sale to outside customers at Palatka.

ISP Completes Expansion

Inlander-Steindler Paper Company of Elk Grove Village, IL announced the completion of a major expansion program at both its corporate office and its Elk Grove Distribution Center.

The corporate office space has been doubled to accommodate its marketing, administration, and financial operations. Warehousing space was increased by over 30%. Customer service and purchasing areas at the Elk Grove Village branch were enlarged. MN

"OH, GOOD! ANOTHER VOLUNTEER."

MANAGEMENT NEWS

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MERCHANT BRIEFINGS

PRINTING PAPER

$3 billion in quick printing sales. That was one of the facts just released by Marcom, Inc. which conducted an industry study. The picture of the quick printing business developed in the November issue of *Quick Printing* magazine also showed that the industry employs 60,000 people. The study predicted that quick printing will grow at about 15% in 1983 and continue to grow, but will reach a saturation point by 1985-86. The industry will then be $3.7-4 billion in sales.

The study also noted that there is a growing failure rate of 3-5% and that many geographic areas have already become saturated.

Other important facts revealed by the Marcom study include:

1. Volume and profit differences between the large and small shops have become significant. Average annual sales for the larger shops is about $565,000, compared to average sales of about $175,000 for small to medium size shops. This trend toward a significant disparity between large and small quick printers may accelerate in the next few years.
2. Multi-shop operations are the fastest growing type of operation in the industry.
3. Small business customers predominate as the basic type of organization served by the quick printing industry. Sales to larger companies and selected organizations, such as legal firms, churches, and associations, are significant, particularly among the larger quick printers.
4. Technological changes are occurring in micro-processor hardware/software, laser printer, high-speed copy duplicating and copy-to-plate technology that will affect equipment utilization and quick printing services by 1985.

Observation

As this industry reaches saturation in the next 2-3 years, paper distributors should try to understand how their businesses will be affected. After 1986, quick printing sales may actually decline. As pointed out above, the primary customers of the quick printer are small businesses. These customers are increasingly installing more sophisticated, higher speed duplicating equipment in their own offices. This will mean a possible shifting in cut-size paper sales from the quick printer to his business customers.

Industry groups unite to fight drug abuse. "Drug abuse is one of the most pressing problems facing our children today," stated I. Gregg Van Wert, Executive Vice President of the National Association of Printers and Lithographers. NAPL has joined with the Pharmacists Against Drug Abuse Program to help fight this severe social problem.

The effort is being chaired by Nancy Reagan and co-chaired by Michael Landon and is supported by the National Federation of Parents and the Parents Resources Institute for Drug Education. In order to accomplish their national educational goals, the group is publishing 25 million brochures and 82,000 books entitled the *Pharmacist's Guide To Drug Abuse.* They are seeking donations totaling 22,700 pounds of 60 pound offset opaque or similar grade paper. Anyone wishing to contribute paper to this project should contact the NPTA Communications Department.

Ignorance of technological change in the printing industry. The majority of commercial printers not only know too little about digitization concepts used in the latest high-tech graphic arts equipment, but they also have little idea how these machines will affect their business in the future.

This conclusion was drawn from a recent survey conducted by the National Association of Printers and Lithographers and *American Printer* magazine. The analysis of printer's responses to the survey has been published in an NAPL Special Report titled, "Digital Data Handling: The 'Fourth Wave' of Printing's Technological Revolution." It points out the finding that most printers do not foresee any major changes in their operations resulting from digital technology, and tells why those printers may suffer "future shock" sooner than they expect.

The ten-page report describes the growing digital data trend as the fourth major technological "wave" in the printing industry in the past 25 years (coming after offset lithography, computerized phototypesetting, and wide-spread use of computers) and warns printers not to get "caught napping" by the changes caused by it. The report recommends that printers become familiar with the processes involved, tells of the ways they are being used, and discusses some of the latest practical applications of digitization.

Copies are available to NPTA members at $15 each. Contact the NPTA Communications Department.

Weather service may end own printing. The printing functions of National Weather Service may come to an end, says the Office of Management and Budget and the Government Printing Office in Washington. It is possible that 120 printing plants in agencies around the country may close and 10 incorporated into other government operations. The potential savings could reach $30 million.

INDUSTRIAL PAPER

Restaurant growth and food service. 1982 sales figures showed a 6.5% increase to $133 billion. As large as that number seems, it does not include the real value of military and school feeding, and does not include vended soft drinks and candy. This, according to a lengthy report in *Restaurant Business* magazine (September 15, 1983), is part of the formula used to calculate the "Restaurant Growth Index" (RGI). The Index is used to gain a better understanding of changes taking place in the foodservice industry.

Their extensive report breaks down the traditional feeding business into component types. Shown here are the segments which utilize foodservice disposables to some degree in their business (the report does not breakout use of disposables). The following is excerpted from the many useful tables which appeared in the Index.

Food Service Sales	1981 Sales ($000,000)	1981 Purchases ($000,000)	1981 vs 1980 % Growth	1982 Sales ($000,000)	1982 Purchases ($000,000)	1982 vs 1981 % Growth	1987 Sales ($000,000)	1982-1987 % Compound Annual Growth	
								Nominal	Real
Health Care Market									
Hospital - Internal	7,183	3,240	7.8	7,657	3,454	6.6	10,203	5.9	1.2
Hospital/Nursing Home Contract	902	361	8.4	980	392	8.6	1,418	7.7	2.9
Other Institutions - Internal *(for specialized care including nursing and old age homes, orphanages, etc.)*	2,549	1,612	5.5	2,702	1,708	6.0	3,781	7.0	2.2
Leisure Market									
Theme Parks, Arenas, Stadiums, and Tracks	1,768	635	5.2	1,904	676	7.7	***	***	***
Drive-In Movie Theaters	187	61	12.1	204	66	9.2	***	***	***
Bowling Lanes	547	202	9.2	580	212	6.1	***	***	***
Summer Camps & Hunting Facilities	116	69	1.4	118	71	2.0	***	***	***
Business and Industry									
Contract Feeding In Plants *(Cafeterias Primarily)*	2,300	1,060	8.4	2,259	1,041	-1.8	3,179	7.1	1.8
Contract Feeding in Business Offices	669	308	10.8	708	326	5.9	1,046	8.1	2.8
Internal Feeding - Plants & Business	1,490	722	8.2	1,454	704	-2.4	1,843	4.8	-0.3
Mobile On-Street Catering	496	168	6.2	498	167	0.4	728	7.9	2.6
Retail Market									
Convenience Food Stores	580	191	14.4	649	214	11.9	1,297	14.8	9.2
Separate Eating and Drinking									
Ice Cream, Frozen Custard Stands	1,420	440	10.1	1,525	472	7.4	2,344	9.0	3.6
Bars & Taverns	8,321	3,015	7.0	8,737	3,165	5.0	10,972	4.7	-0.5

*** Insufficient Data

Courtesy Restaurant Business

MANAGEMENT INFORMATION

COMPENSATION MEASURES - 1983 PAR REPORT
(MEDIAN VALUES)

MEASURE	YOUR FIRM	PRINTING	INDUSTRIAL	DUAL
Average Payroll per Employee ($000)		25.6	21.7	24.0
Average Compensation per Employee ($000)		29.7	25.4	28.4
Fringe Benefit per Employee ($000)		4.4	3.3	4.5
Total Payroll % Gross Profit (%)		48.2	56.5	49.9
Total Compensation % Gross Profit (%)		57.0	64.4	60.6
Profit Sharing & Pension & Gross Margin (%)		2.1	2.2	2.9
Other Fringes % Gross Profit (%)		5.6	6.3	6.5
Total Fringes % Gross Profit (%)		7.8	8.3	9.6
Gross Profit per Employee ($000)		53.2	40.8	47.6

Gross Profit Per Employee - The Key To Compensation

Printing Paper merchants have the highest total personnel costs of all types of paper merchants. Industrial merchants have the lowest. In spite of this fact, industrial paper merchants are paying the greatest amount of their gross profit in the form of total payroll.

There could be a few contributing factors to this situation. Industrial merchants could have too many employees, pay them too well, have too little gross profit or any combination of these factors. Based on the numbers reported, it is obvious that employees are not over paid. Because of the higher warehouse order mix, industrial paper merchants have more employees than printing or dual merchants. This could be a problem area.

However, the gross profit dollars generated by the median industrial firm is almost 30% less than printing paper firms, and almost 16% less than dual.

Increased gross profit per employee is the force needed to control personnel costs.

NAPM Paper Report

"Papermaking is presently riding the crest of improving economic conditions," stated the National Association of Purchasing Management *N.A.P.M. Insight*, November, 1983. Their report further showed that business and communication papers were the first to reflect a stronger demand, and that other grades are now following that lead.

Almost all paper grades have had price increases; some showed a return to former published prices, others had additional price increases. Lead times have lengthened and allocation has been evident in some segments.

Coated Papers

Currently, there is heavy demand for all publication grades. Some buyers have had difficulty filling their needs. Backlogs on coated offset grades have extended with longer lead times. Prices have risen.

Uncoated Papers

Business and communication grades have suffered increasing backlogs even though new capacity has been added and many strikes have been settled. Prices have increased.

Paperboard

Backlogs of from 10 days to three weeks were evident for solid bleached sulphate. Price increases in the 5% range have been put in place.

There has been firm demand for recycled paperboard and lead times have not lengthened. Some price increases have been announced.

There has been strong demand for linerboard. Prices have increased, but have not returned to 1981 levels.

Kraft Papers

Lead times and prices have been stable for northern natural kraft MF and MG specialty papers.

James River Restructures Debt

The James River Corporation announced that it had completed the restructuring of its $525 million of debt and credit lines.

The company said that the revamping included the exchange of $39 million of preferred stock in a subsidiary for James River preferred stock, the conversion of $11.1 million of the company's preferred stock, and the redemption of $5 million of convertible preferred stock.

The company also completed the private placement of $55 million of new long-term debt having a rate of 12.25%, a term of 15 years and a 5 year moratorium on principal repayment, and that the debt replaces bank revolving credit. James River also achieved an agreement with a group of banks which will provide the company with new revolving credit and term loan agreements totaling $245 million at variable interest rates which are currently below the prime.

QUARTERLY SALES AND PROFITS

Company	Sales ($000)	Change from '82 (%)	Net Income ($000)	Change from '82 (%)
Clevepak Corp.	97,914	302	3,960[1]	317[2]
Clopay Corp.	32,154	14	779	6
Domtar Inc.	480,700	17	13,900[3]	-[4]
Fort Howard Paper	224,490	49	29,410	18
Georgia-Pacific	1,709,000	20	3,000	-88[5]
Kimberly-Clark	801,800	8	43,500	-19
Louisiana-Pacific	273,660	20	4,410	578
3M	1,801,000	7	178,000	5
Nashua Corp.	136,968	7	2,460[6]	-[7]
Pentair, Inc.	73,100	11	2,900	12
Potlatch Corp.	231,000	9	10,800	184
St. Regis Corp.	729,125	14	18,764	-63[8]
Scott Paper Co.	610,435	6	36,124	61
Sealed Air	27,835	33	2,035	136
Southwest Forest Ind.	192,475	19	Net Loss	
Stone Container	138,226	32	1,725	-15
Union Camp	469,076	25	34,541	20
Weyerhaeuser Co.	1,251,860	22	53,198	72[9]

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[1] Includes income from discontinued operations of $532,000 and gains on the disposal of discontinued operations of $3,259,000.

[2] Same quarter '82 included income from discontinued operations of $1,260,000 and a loss of $333,000 on the disposal of discontinued operations.

[3] After a loss of $2.7 million on the sale of facilities.

[4] There was a net loss from a plant closing in '82.

[5] '82 included a gain of $27 million from the exchange of securities and an accounting adjustment.

[6] Includes tax credits of $2,219,000.

[7] There was a net loss in '82 period.

[8] Affected by the $38,000,000 in pre-tax proceeds from the sale of accelerated depreciation tax benefits as well as a negative income tax provision in first 9 months of '82.

[9] Includes an extraordinary credit in '82 of $5,700,000 resulting from a reduction of losses attributable to the 1980 eruption of Mount St. Helens, and a gain of $45,106,100 from the effect of an accounting change.

Combined News Sources: *NY Times* and Company Releases

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It helps us understand where we are to look at where we have been. In the 40's and 50's, the United States was a nation of upwardly mobile people, says Florence Skelley, President of Yankelovich, Skelley and White. Material possessions gave people stature. The 60's ushered in a "fix-it" thrust aimed at remedying the adverse effects of industrialization and technology. An idealized "return to nature" put the accent on the environment. As the 70's came on us, the focus shifted to the self. The "me" generation spawned a $3 billion introspection industry.

By the end of the 70's, there was a growing recognition that our nation's infra-structure was deteriorating. As unemployment grew and productivity fell, the feeling that total solutions to these massive problems may not be possible. But, **cost-effective solutions** to individual problems could be the answer for the 80's. There came a resurgence of competition, planning, and an accent on knowing people and their needs better, both employees and customers. The 80's will certainly be remembered for leading us into making cost-effective decisions which will help businesses to grow through the rest of the decade.

Cost-Effective Sales Representative Compensation

Sales representative compensation, which was the topic of a recent NPTA seminar at the Annual Convention, is a challenge to paper distribution management in the 80's. David Critelli of Hewitt Associates pointed out that the "full compensation" plan is the standard in the paper distribution industry. It works out to approximately 30-33% of gross profits, no car is provided; and the industry is light on benefits. Salary plus commission is less popular.

When the nature of the product is commodity, price competition is strong, and customer loyalty is to the sales rep, the industry usually adopts a high commission plan. But will that prove to be cost-effective in the paper industry in the future? Critelli says it depends on the possible changing relationship between management and the sales rep. If a "team" concept can be fostered, then it will cut down on the "we-they" relationship. As the sales person is viewed less as an independent agent and more as an employee, things begin to happen.

Loyalty, trust, and respect grow in this new relationship and so does compensation. "You do not want your sales representatives to walk away with your customers," Critelli says. Unfortunately, "it is pressures such as these that cause everyone to maintain the industry standard."

Cost-Effective Management Competition

"The best managers are entrepreneurial managers," says Claude Kordus of Hewitt Associates. The most cost-effective way to keep and compensate managers is to give them a "piece of the action." The smaller family owned businesses have a difficulty with this.

Kordus provides new thinking on this issue. It is called "junior stock" which is equivalent to 1/10 of a regular share of stock and can be given by either a publicly or privately held company. In this type of plan, the manager is given the option of buying (or being awarded) junior shares with the idea of converting them into full shares at some future date. (Junior shares carry little rights and are non-voting. Check with your counsel about the details.) What triggers (or allows) the junior stock to be converted into senior stock is the attainment of some goal or goals of the company. When a long-term objective is met, the manager (who has played a part in achieving the goal) is rewarded. The company then repurchases the full shares which have gone up in value during the time they were held.

Why do this? Kordus says that there is an enormous tax advantage to the manager. Because of the capital gains involved the tax rate is only 50%.

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Cost-Effective Executive Compensation

The way to understand how effectively top management is being compensated is to gather as much data as possible on what others are doing. The Research Institute of America annually reviews executive compensation in the 137 page *Planning Report*.

For 1983, the Report details 15 pages on wholesale distribution. RIA breaks out compensation for the three highest paid executives in the company, and the top paid in production/operations, marketing/sales, and financial/accounting. They further break this down in company sales volume categories of: under $2.5 million; $2.5-$5 million; $5-$10 million; $10-$25 million; and, over $25 million. It also shows data on durable and non-durable goods individually.

Generally, chief executives' average total compensation rose 10% in the past year. But by specific company size, the following was true:

Under $2.5 million	-6%
$2.5 - $5 million	+18%
$5 - $10 million	+3%
$10 - $25 million	-4%
$25M million	+6%

Managing those receiving the highest compensation in the company may be a more complex task than even installing a brand new sales compensation scheme. (The Report titled *Executive Compensation* is available through NPTA's Communications Department at $50.00.)

Cost-effectiveness in all compensation plans will prove to be a useful direction in the 80's. Not only will it suit the person to the job better, but it will give companies a better understanding of the business challenges ahead.

Compensation is important to the motivation of all employees. Well managed and compensated employees translates into an improved profit picture for the company.

Cost-Effective Hiring

Choosing the right person to fill a job opening can be the most cost-effective move your company can make. Paper merchants often feel "lucky" when they find a good employee. "Luck," states NPTA's new personnel guide, should have nothing to do with it.

According to the **Paper Merchant's Guide to Personnel Selection and Evaluation**, a comprehensive approach is the best approach. A personnel "system" will ensure that the proper legal requirements are followed. Costly mistakes can be avoided.

How do you know that your new hire will be a good fit? Use a good assessment tool like the one included with the guide which measures six mental aptitudes and ten personality dimensions. For hiring practices to be cost-effective, gain as much information on a candidate before he or she is hired and trained.

Does your company have and use an employee handbook? Such practice saves much management time and money in explaining company policies which affect employees. A "model" handbook is included in the **Paper Merchant's Guide to Personnel Selection and Evaluation** (available from NPTA at $85.00).

What's Ahead?

Better marketing, new forms of competition, more cost-efficient distribution techniques, better inventory management, and incentive systems for inside sales personnel as well as warehouse people are to come says Walter L. Moore, Past Chairman of NPTA, and President and CEO of Unijax, Inc. In his keynote address to the industry at the NPTA Annual Convention, Moore said that many of "these are not common now but will be by 1990 in my opinion. All of this results in increased productivity which should help us all." And that, from a cost-effectiveness of view, is the bottom line. MN

DIMENSIONS IN TRAINING

Selling: Inside Out Part II: Telemarketing By Computer

The importance of outside sales people giving up accounts to order desk people was discussed last month. Jacques St. Pierre, V.P. and General Manager, J.B. Rolland in Montreal outlined his company's marketing approach of selling through the inside sales people.

When service results in customer satisfaction, it gives the distributorship a competitive edge in the market that can lead to:

- Increased customer loyalty
- Repeat sales
- Increased market share
- Higher profits
- A positive public image

In this issue, selling from the inside out looks at telemarketing as a profitable and productive tool. Ed Mazer, President, Standard Paper and Merchandise Co., Springfield, Massachusetts reviews the use of telemarketing with his Qantel computer package.

Mazer on Telemarketing

The need for the paper merchant to develop innovative techniques to improve performance is necessary in today's changing climate. Costs involved with face-to-face sales calls have escalated dramatically in recent years and are projected to continue to increase in the future. Face-to-face sales calls have become too expensive to service the needs of marginal accounts with little sales support or service.

Our outside sales force is faced with two more-or-less unacceptable alternatives:

1. The weaker sales person (the road-runner) spends too much time with too many small, unproductive accounts yielding low performance and not enough sales or income. Because his time is swallowed up by these small, unproductive accounts, he has little time left to service his larger accounts, or prospect for new business.
2. The stronger sales person goes right for the large, productive accounts; leaving unattended accounts which buy less and place smaller, unprofitable orders. These accounts are left without the attention of a sales person. Unattended accounts do not purchase up to their potential and often buy on a sporadic (itch-scratch) method producing small, unprofitable orders.

The telemarketing approach selects these marginal accounts and substitutes inside sales support to serve the needs of these accounts more effectively and more efficiently with less cost.

The challenge, then, is three fold:

1. To direct outside sales effort to larger, more profitable accounts where face-to-face attention will result in growth and a reasonable return on the sales time and expense expended.
2. To provide adequate attention to the marginal account to provide larger, more profitable orders and realize the full, if limited, potential of these accounts without expending the excessive sales time and expense which would normally have been required to accomplish this with outside sales effort.
3. To direct our outside sales personnel, a costly and limited resource of our company (consider the cost of hiring and training a new sales person) to their highest and best use to generate more sales and profits for our company and increase their earnings.

Qantel Paper Distributor Package (QPDP) telemarketing is a structured marketing program designed to improve profitability through the use of telecommunication. This is accomplished in combination with the power of the QPDP computer system, while controlling costs of a sales call. The telemarketing process selectively deals with special accounts that have not been profitable by normal marketing procedures, and manages these accounts by inside sales people. Strong effort by the management to support and adapt this discipline is necessary to success in implementing the telemarketing system.

The QPDP Telemarketing System has taken the basic techniques of inside sales effort and has designed software to maximize the effect. Key to telemarketing is the development of techniques to schedule calls, maintain vital information, and use existing sales analysis data base for each customer. The QPDP system schedules calls, tracks success rate, maintains customer history information, and develops an order planner report for each customer to assist him with putting together an order.

Objectives

The objectives of the Telemarketing System are:

1. Cut the costs of small account sales calls.
2. Free outside sales people to call on larger accounts.
3. Convert marginal accounts getting no attention to small profitable accounts without disproportionate sales effort or expense.
4. Assures that these marginal accounts are getting serviced.
5. Minimizes small, unprofitable orders from marginal accounts.

Work Flow

The QPDP Telemarketing System prepares a working document that schedules calls to be made by the telemarketing sales person. The call schedule may be set for one day or the schedule may be set for a range of days.

The program allows for the document to present detailed instructions and/or BCBI reports for the use of the tele-marketing personnel. Calls are then made using the information obtained on the call schedule report and the results of the calls are entered into the computer to update the history of each customer, to add new comments if appropriate, and to set a new schedule call date. An audit report is generated.

The audit trail tracks the last call to customers and notes whether an order was received on current call, details call date, call interval, next call date, and notes whether an order was received on current call, if a new item had been purchased, amount of order, open orders, YTD orders, and YTD sales.

The QPDP system provides an order planner document for each customer. The order planner contains detailed information on customer history of past purchasers, date of last purchase, quantity of last purchase, and year-to-date purchase. The order planner is presented in a format with space available for the customer to enter inventory on-hand and quantity to be ordered. The order planner doesn't contain any pricing information. MN

CHAIRMAN'S CORNER

LIONEL ELTIS
NPTA's Chairman of the Board

Employee Dishonesty

These monthly columns are designed to make you stop and think about your operation. I hope you will use these discussions to review your procedures related to the subjects at hand.

In all probability, the greatest profit leak in American business today is employee dishonesty. Our complacency in recognizing the signs of this problem costs us money. When a drop-in customer pays cash, does the person making out the ticket receive the cash? It is a good policy to have someone other than the sales person receive the funds.

How often do you check your mailroom to see if personal mail is being run through the postage meter? Are company supplies going home with the employees? Are your truck drivers making unauthorized stops and pick-ups from customers without authorization? Merchandise can be sold quickly off the back of the truck.

Do you cycle-count fast moving items like copier paper, can liners, tape, and envelopes? Compare your counts with your inventory control records, and then do it a week later to see if material is missing.

Employee travel and expense vouchers must be monitored. Check for duplication. Airline or hotel bills may be submitted one month, and a credit card charge for the same expenses may come through the next month.

Other areas that you should look into: computer security, the unauthorized use of a company gas pump, medical claims, sales people changing costs to receive more commission.

If you review your company practices now, you will have a better profit picture in 1984.

On behalf of the Officers, Board of Directors and staff of NPTA, let me wish you and your family a most Happy Holiday Season and all good wishes for health and happiness in the New Year. MN

CALENDAR OF EVENTS

December

7-8. Paper Merchant Human Resource Development Conference. Learn effective utilization of all company employees and policies. Atlanta, GA. Contact NPTA.

1984

January

22-24. Copier Industry: Winds of Change. Status and outlooks. Pier 66, Ft. Lauderdale, FL. Contact Institute for Graphic Communications, 617-267-9425.

February

9-10. Productive Marketing Management For Paper Wholesalers. An operationally efficient and effective approach to recapturing profitable sales growth. St. Louis, MO. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

THE MANAGER'S Notebook

Warehousing and Safety

There are eight warehousing audio visual training programs, eleven on safety, and five on loss prevention now available through NPTA. All of these programs have been published by other companies, but through special arrangement can now be purchased from your Association at a discount.

These programs and over 300 more are listed in the Paper Merchant's Audio Visual Training Catalog. *If you haven't received one yet, contact the Education and Training Department at NPTA Headquarters.*

State Stress Index

What's your state's "stress index"? That is not an easy question to answer says University of New Hampshire professor Murray Straus. He devised a system to reveal the stressfulness of life in each state based on 15 factors, i.e., divorces, personal bankruptcies, mortgage foreclosures, abortions, infant deaths, etc.

Nevada and Alaska are first and second on the list, followed by Georgia, Washington, Oregon, Alabama, and California. These all happen to be places where the population growth is well above the national average, and may have problems related to gorwing pains. Mr. Straus makes no judgment of these states, only how they ranked based on his scale. Nebraska came in last. There is a lot to be said for small-town America.

Are You Paying Too Much For Your Own Printing?

If your printing bills for direct mail brochures, annual report, booklets and the like are costing you more than your estimates, you might be the cause. Mel Straub, Vice President, Bradley Printing Company (a $40 million operation) says you can do something about it. Making changes after the bid usually makes your final costs higher. Here is a list of causes.

1. *Changing the basic concept after the printing estimate has been prepared and work has begun.*
2. *Adding or deleting illustrations after layouts have been finalized.*
3. *Changing copy, including headlines, after initial copy has been approved and set in type.*
4. *Starting too late.*
5. *Not having a realistic timetable and following it.*
6. *Taking too much time to approve materials, especially copy and art.*
7. *Failing to have a proper photo shooting schedule.*
8. *Requiring all decisions to be made by a committee - and leaving out certain people whose final approval is essential.*

Corporate Air Travel

"I remember when travel was full of grace," says Maryland Cup's V.P. Bill Blake. "Today it's brutal. An airplane is a cattle car." His comments appeared in a **Sales & Marketing Management** *article on corporate travel. It seems that many executives are complaining more than ever.*

In addition to the usual problems, the future may hold less non-stop flights. "Connecting is the way it's going to be," said E.E. Rondeau, national manager of company meetings for American Airlines. For greater efficiency and economy, airlines will feed flights to connecting points (not a particularly exciting prospect).

PAPER MERCHANT SALES REPORT

October, 1983

	NPTA REGIONS	SALES PER SELLING DAY OCTOBER 1983 -COMPARED TO- OCTOBER 1982	SALES PER SELLING DAY OCTOBER 1983 -COMPARED TO- SEPTEMBER 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE -COMPARED TO- 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF OCTOBER		CALENDAR DAYS' COST* OF ENDING SEPTEMBER INVENTORY	
					1982	1983	1982	1983
INDUSTRIAL	1	+ 2.4%	- 3.4%	+ 4.8%	41	43	55	--
	2	+ 8.1%	+ 0.5%	+ 2.5%	36	35	46	47
	3	+ 1.9%	+ 0.0%	+ 6.5%	33	35	63	61
	4	+16.6%	- 3.7%	+10.2%	36	34	54	51
	5	+ 3.5%	- 3.5%	+ 2.2%	33	35	62	57
	6	+ 8.1%	- 5.7%	+ 4.5%	39	40	50	--
	7	+ 3.0%	- 5.4%	- 0.1%	36	36	53	--
	NY METRO	+ 5.0%	- 2.8%	+ 9.1%	44	43	--	--
	CHICAGO METRO	+14.3%	- 1.0%	+11.9%	39	42	55	44
	LA METRO	+ 9.3%	+ 2.3%	+ 5.4%	43	49	60	--
	US	+10.5%	- 2.3%	+ 5.6%	37	38	55	53
PRINTING	1	+17.6%	- 0.2%	+14.1%	52	51	59	--
	2	+15.7%	- 6.1%	+ 8.9%	46	46	60	54
	3	+25.4%	+ 5.4%	+13.0%	43	44	76	73
	4	+22.2%	+ 0.4%	+ 9.3%	40	44	58	65
	5	+18.3%	- 1.3%	+11.1%	41	43	70	--
	6	+15.2%	- 0.5%	+ 6.0%	40	38	56	--
	7	+12.0%	- 2.8%	+ 1.2%	39	41	68	72
	NY METRO	+21.6%	+ 7.4%	+11.8%	44	43	64	--
	CHICAGO METRO	+15.7%	- 1.3%	+10.9%	45	44	60	--
	LA METRO	+18.2%	- 3.9%	+15.2%	38	39	70	68
	US	+21.1%	+ 0.0%	+10.3%	43	43	65	67

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC; TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

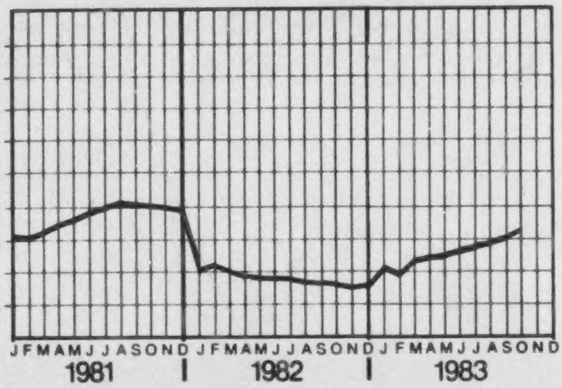
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

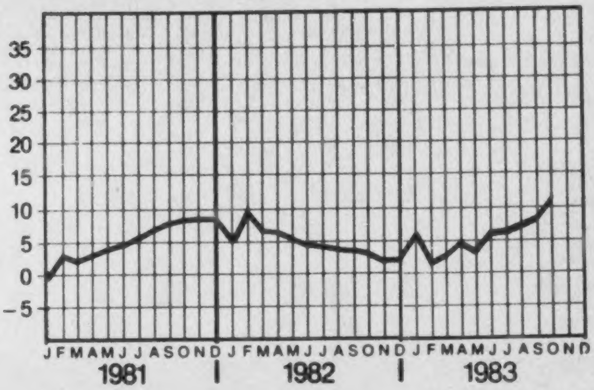
PAPER MERCHANT SALES REPORT
SUMMARY NATIONAL TREND INFORMATION: 1981 TO PRESENT

SALES INFORMATION:
YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

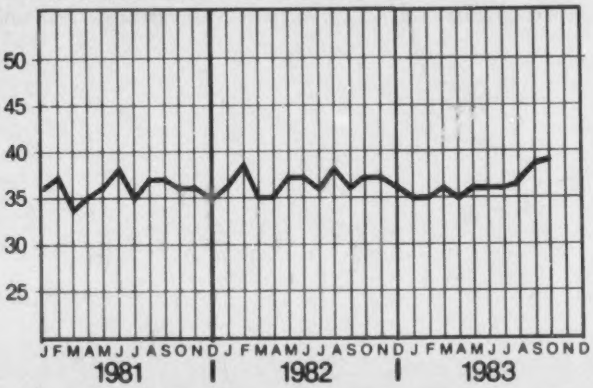


PRINTING PAPER SALES NATIONALLY

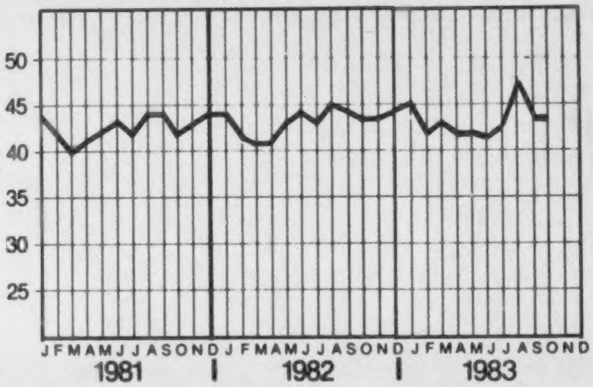


RECEIVABLES INFORMATION:
DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

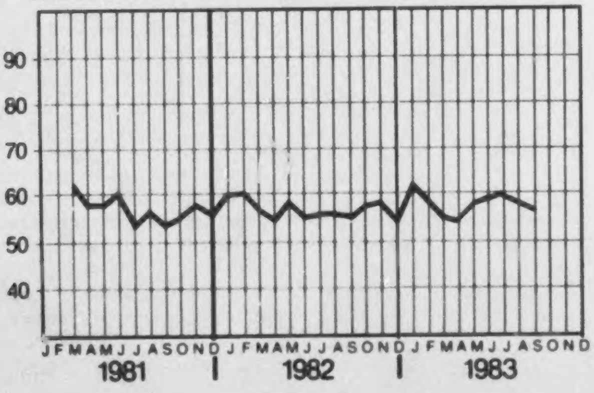


PRINTING PAPER RECEIVABLES NATIONALLY

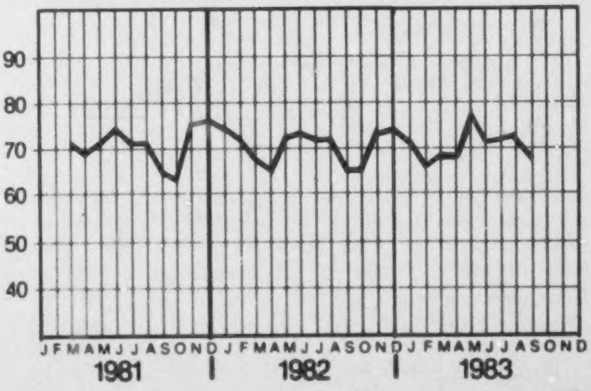


INVENTORY INFORMATION:
CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

TEFRA Requires Substantial Plan Amendments To Existing Retirement Plans

As a result of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), substantial changes must be made to existing pension, profit sharing and other retirement plans. The TEFRA requirements must be formally amended into almost all plans in order for them to continue as IRS-approved plans.

Failure to amend a plan may jeopardize the plan's favorable tax status and the tax deferment benefits enjoyed by plan participants.

Some changes must be effective the first day of the 1983 plan year (i.e., January 1, 1983 for plans using a calendar plan year), so immediate action is needed. Other changes are to be effective the first day of the 1984 plan year. Generally, TEFRA amendments need to be adopted by the last day of the plan year in which they become effective.

1. **Contribution and Benefits Limits**
   Before TEFRA, the maximum annual addition to an employee's account under a qualified defined contribution plan was the lesser of $45,475 or 25% of compensation. The maximum benefit allowed an employee under a qualified defined benefit plan was the lesser of $136,425 or 100% of average compensation for his high three years.

   TEFRA has reduced these limits. The new dollar limit for defined contribution plans is $30,000; and $90,000 for defined benefit plans. Special rules apply where the employee is covered by both these types of plans. The $30,000 and $90,000 limits will remain in force through the 1985 plan year. Thereafter, they may be adjusted for cost-of-living increases.

   Effective Date - January 1, 1983 or if later the first day of the 1983 plan year.

2. **Loans to Plan Participants**
   Before TEFRA, participants could borrow from qualified plans with loan provisions without threat of IRS disqualification, so long as loans were properly secured and made at reasonable interest rates.

   After ERISA, a participant may borrow only up to one half of his vested benefits, but not more than $50,000. However, any participant may borrow up to $10,000 without regard to his vested benefits. Loan terms may not exceed 5 years unless proceeds are used to acquire or substantially renovate the principal residence of a participant or family member.

   Effective Date - August 14, 1982.

3. **Commencement and Distribution of Benefits**
   Before TEFRA, a participant could elect to defer the distribution of benefits to him. This plan feature often allowed the participant to minimize personal income tax by deferring distributions to post-retirement years when his income was lower.

   After TEFRA, the timing of distributions is no longer completely discretionary. Before death a participant must receive his entire account balance: no later than the year he reaches 70½, or retires, whichever is later; or have distributions commence in such year, to be fully distributed in his lifetime (or life expectancy) or the lifetimes (or life expectancy) of the employee and his spouse. If the participant is a key employee in a top-heavy plan, distribution must begin no later than the year he reaches 70½, whether or not retired. Generally, after death, the participant's entire interest must be distributed within 5 years of the participant's death or the death of the surviving spouse.

   Effective Date - January 1, 1983 or if later the first day of the 1984 plan year.

4. **Integration with Social Security**
   Before TEFRA, an employer's FICA contributions were considered equal to 7 percent of employee compensation even though the actual rate was less. A defined contribution plan may be integrated with Social Security so that the employer's FICA contributions are deemed plan contributions for purposes of determining whether the plan is discriminatory.

   After TEFRA, the plan must use the actual rate, currently 5.4 percent. However, integration is still an effective way to reduce overall plan cost.

   Effective Date - January 1, 1984 or if later the first day of the 1984 plan year.

5. **"Top-Heavy" Plan Rules**
   TEFRA imposes new restrictions on all qualified plans which are "top-heavy," that is, plans where over 60% of the benefits or account balances are payable to "key employees." A person is a key employee if during the current or four preceding plan years he: owned more than 1% of the employer and earned more than $150,000; owned more than 5% of the employer; was an officer of the employer; or was one of the 10 employees owning the large interests in the employer.

   This test is determined annually, so it may be possible for a plan to repeatedly weave in and out of top-heavy status.

   Under TEFRA, top-heavy plans are subject to faster vesting rules and only the first $200,000 of compensation for any employee may be considered in computing benefits. Top-heavy defined benefit plans must provide non-key employees a minimum nonintegrated benefit of 2% of pay for each year of service, not to exceed 20% of average annual compensation.

   For defined contribution plans, the nonintegrated benefit must be at least 3% of pay. However, if the maximum employer contribution rate for each key employee is less than 3%, then contributions to non-key employees need not exceed the highest percentage paid to a key employee. Thus, if no contribution is made for any key employee in a year, no contributions for non-key employees need be made. If employers maintain both pension and profit-sharing plans that are top-heavy, they must provide additional benefits to non-key employees to prevent a reduction in aggregate benefits offered by the plans.

   Effective Date - January 1, 1984 or if later the first day of the 1984 plan year.

CONCLUSION

In 1981, members of Congress took many bows for "simplifying" retirement plans for employers who were still reeling from complying with ERISA. Now Congress has again beseiged employers with the TEFRA requirements. Smaller businesses, more vulnerable to the "top-heavy" rules, are particularly hard hit by the new law.

IRS has been of little assistance to beleaguered businesses. Final regulations and guidelines have not been published for some of the changes. In addition, Congress is now considering legislation which could substantially change some TEFRA requirements, even before they become effective.

ASSOCIATION File

Young Executives Forum

By John E. Rountree
President
Carr Paper Company
Pomona, CA

What do young executives think about seminars directed specifically to them. A questionnaire at the meeting of the Young Executives Forum at the NPTA Annual Convention provides some answers which will help forge new directions for the industry's up-and-coming managers.

Here are the results which deserve your attention:

1. Would you be interested in attending a 2-4 day YEF seminar at a resort area at your company's expense? Yes or No. It was almost unanimous that YEF members would support a non-convention seminar.
2. To justify the expense, what business courses below would be most desirable to you? The most preferred topics were in the following order:
   a. Sales Management
   b. Goal Management
   c. Performance Analysis Review - critical criteria for success
   d. Inventory Management
3. What self-improvement courses would you like to attend? The most preferred courses were in the following order:
   a. How to Motivate
   b. Art of Negotiating with Individuals
   c. Time Management
4. What would be the most desirable location and time? The most preferred locations and times were as follows:

a. Florida	Winter
b. California	Winter
c. Colorado	Winter
d. Hawaii	Winter

The above results will give the YEF Steering Committee the basis for developing a more concrete plan. We appreciate and encourage your input. More to come on this subject in the future.

What's Your System Of Selling?

If you have a good system inplace, read no further. If you need to improve your sales ability in the marketplace, read on. Everyone knows that the random knocking on doors is not the best approach. The system selling concept requires an organized company effort to be successful.

NPTA has help for members wishing to review system selling with the idea of enhancing their company's opportunities in the marketplace. *System Selling To Industrial Markets*, by William J. Hannaford is a publication of the Distribution Research and Education Foundation and is available through NPTA.

Specifically, the systems concept has three major goals: simplifying and streamlining the supplies purchasing function of industrial plants; reducing the inventory positions (and thereby improving the profitability) of these plants; vastly improving the sales, margins, and profits of the distributor with the skills necessary to market the approach.

An organized systems selling approach should turn the adversarial customer relationship to one of true partnership. This partnership may be achieved by executing a cooperative, contractually based agreement between the wholesaler-distributor and the customer.

System Selling To Industrial Markets is available from the NPTA Communication's Department at $25.00

Position Wanted

Mill sales and product manager seeks a position in the paper distribution industry as a sales manager on the east coast. Fifteen years experience with sale to industrial merchants.

For a complete resume, contact the editor.

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NPTA MANAGEMENT NEWS

January **Highlights** 1984

Management News Celebrates 1984

The National Paper Trade Association has continuously published a monthly newsletter for its membership since January, 1959. 1984 marks the silver anniversary of *Management News*. For 24 of its 25 years, this publication was named *Current*. It was redesigned and renamed in 1983, but continues its long tradition of providing the paper distribution industry with up-to-date management information.

Three Firms Join NPTA

Marfred Paper, NORCO Paper, and U.S. Distributors have joined NPTA. The directors, staff, and members welcome them aboard. (P. 2)

Bar Coding Is On The Way

The American Paper Institute report on bar coding sets forth voluntary guidelines for the manufacturers of printing and writing papers. (P. 4)

NPTA Enters The Video Revolution

The use of video tape in training has become widespread. NPTA will produce training materials in this medium. (P. 6)

Economic And Industry Forecasts For 1984

Will 1984 meet your expectation? Will the recovery peak and trend down or continue strong? NPTA reports on economic factors which will affect your business this year. (P. 8)

Year-End Legislative Wrap-Up

The American Paper Institute reviewed legislative activities which have affected the paper industry in 1983. (p. 15)

YEF Chairman Thanks All

The retiring chairman of the Young Executives Forum Steering Committee, Art Wienke, thanks all young executives for their support. (P. 16)

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Route To:

NATIONAL PAPER TRADE ASSOCIATION, inc.

NEWS OF PAPER TRADE ACTIVITIES

NPTA Welcomes New Members

Congratulations and welcome aboard to these fine distributors:

marfred paper co. inc.

Marfred Paper Co.
(Industrial)
12154 Montague Street
Pacoima, CA 91331
213-896-0550
Marvin Fenster, President

NORCO
PAPER
COMPANY

NORCO Paper Co.
(Printing)
973 66th Avenue
Oakland, CA 94621
415-638-0460
Norman T. Bushberg,
President

US
DISTRIBUTORS

U.S. Distributors
(Industrial)
516 McGregor Avenue NW
Canton, OH 44703
216-456-2056
Steve Baker, President

People In The News

Mead Merchants announced the retirement of **Gordon J. "Gordy" Grunditz**. He was one of the founders of Bermingham & Prosser, MN. **Lawrence A. Schaefer** was named vice president and general manager of the company's St. Louis operation.

Lyle Champion has been appointed division manager of the Greenville, SC office of the Henley Paper Company.

Inlander-Steindler Paper Company has named **Randy L. Murray** to the position of corporate director of credit administration.

Jerral D. Blair was appointed by Nationwide Papers to manage their Ft. Worth, TX branch.

Butler Paper has named **Dick Oppenheim** branch manager of the company's Joplin, MD operation.

Edwin J. Turnquist has announced his retirement from Turnquist Paper Company, Minneapolis, MN. He was president of the company, and began working with his father, E.O. Turnquist, in 1950 when the company was known as the Minnesota Paper and Cordage Company.

Dennis L. Wheeler has been named sales manager of the Seattle Division of the West Coast Paper Company

Dillard Paper Company, Greensboro, NC, has named **Charles S. (Sparky) Walter** as sales promotion manager of the company.

David P. Sparks has been named vice president and general manager of the George Wilcox Co. which owns and operates the Wilcox Paper Company of Syracuse, NY.

Herb Cross, general manager of Seneca Paper-Syracuse Division, has been named a corporate vice president. **Larry Kicinski**, general manager of Seneca Paper, Binghamton Division has been named division vice president.

The industry mourns the loss of **Frank Leslie, Jr.** who was the retired chairman of the Leslie Paper Company. He was president of NPTA 1965-66.

Peter H. Vogel, Jr. has been named vice president administration for the Fine Paper Division of the Mead Corporation.

The Union Camp Corporation has announced that **Peter J. McLaughlin** has been elected to succeed **Alexander Calder, Jr.** as chairman. Mr. McLaughlin retains his post as chief executive.

Canover Industries, Maspeth, NY, has appointed **Bruce Socolow** as product manager, sanitary and maintenance supplies.

Nicholas R. Marcalus was named president of Marcal paper Mills, and **Robert L. Marcalus, Jr.** was named executive vice president.

Gordon W. Moran has been named president and chief operating officer of Hollingworth & Vose.

Zellerbach To Sell Computer Supplies

The Crown Zellerbach Corporation announced it will sell computer and word-processing supplies. The new company will be known as Eczel Corporation, and, in addition to the existing CZ distribution network, warehouses will be set up in Chicago, Boston, New York, Philadelphia, Washington, DC, and Detroit.

Senior VP at Crown Zellerbach, Allan G. Resnick will serve as president of Eczel.

Industry projections show sales of computer and word-processing supplies will jump from $200 million in 1983 to $1.2 billion by 1990. Sale of floppy disks should go from $750 million now to $11 billion in seven years.

World Paper Companies Report

The Performance of World Pulp & Paper Companies is a series of reports published annually by Scandinavian Pulp & Paper Reports of Oslo, Norway. The series covers three areas: Scandinavia, Europe, Canada, and the United States. Each report is 80-130 pages of concentrated information, and all together, covers 100 leading pulp and paper companies.

The reports are $130 each, all four are $390. Anyone interested in purchasing a report may place an order through the NPTA Communications Department.

Celebrations...

Blake, Moffitt & Towne, the West's oldest paper distributor, celebrated the 100th anniversary of its Portland operation on November 16. More than 1,000 customers, suppliers and employees attended the event officiated by Oregon's Governor Victor Atiyeh.

BM&T Celebrates

The Sheridan-Clayton Paper Company, of St. Joseph, MO, celebrates 1984 as the 100th anniversary of its founding.

The Paper Trade Association of Philadephia celebrates its 80th anniversary this year. The Association currently has 36 member firms and is an active organization.

Mead Withdraws From Ink-Jet Printing Business

The Mead Corporation announced it has reached an agreement with Eastman Kodak to sell Mead Digital Systems to Kodak for an undisclosed sum. Mead wants to concentrate its efforts on electronic publishing and the forest products business.

Interstate Container Stops Edison NJ Operation

The corrugated container plant which began operation in 1972 employed more than 170 people. Interstate reported that the plant was no longer economical to operate.

A "Paper River" In New York

300,000 crumpled newspapers turned a Manhattan street into a "Paper River." "Art," as it was called by its German creator, cost $500,000 to produce. 100 German visitors each paid $3,000 for a weekend in New York to witness the event. A total 150 invited guests arrived in 26 limousines.

88 high school students earned $40 each when five moving vans containing the old copies of the *New York Times* were emptied. No mention was made of the clean-up.

Hill & Markes In The News

Paper distribution in the Albany, NY market came to the public's attention when an article on Hill & Markes appeared in the *Albany Times Union* on November 13. Hill & Markes with 30 employees and a 30,000 square-foot warehouse serves a 150 mile radius of the state capital.

The family owned business was founded 78 years ago and then purchased by the Finkle's in 1945. The company is an NPTA trial member.

Wilcox Buys Bil-Mar

The Wilcox Corporation of Syracuse, NY has acquired Bil-Mar Maintenance Supply, Inc., also of Syracuse. Bil-Mar has been merged into the Wilcox organization and will operate as a division of the company.

Robert J. Reid, former owner of Bil-Mar, has been named vice president of the Wilcox corporation and will serve as the sales manager of the Bil-Mar Division. William J. Miller, the other former owner, will become general manager of the new division.

Ris Begins International Unit

The Ris Paper Company, headquartered in Garden City, NY, has just established a new unit: Garden City Paper International. It is now overseeing the sale of over 120 tons of Bowater premium-coated papers per week.

Herbert Lieber, President of L&L Paper was instrumental in forging Ris' relationship with Bowater, the Scottish-based mill. He joined Ris on September 1 as the division's general manager.

"GOOD MORNING, BOSS, I SEE OUR BACK ORDER OF PAPER FINALLY ARRIVED"

MANAGEMENT NEWS

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MERCHANT BRIEFINGS

PRINTING PAPER

BAR CODING IS ON THE WAY. The American Paper Institute has just published a report titled "Bar Coding—Suggested Voluntary Guidelines for Printing-Writing Papers and Newsprint." It was prepared by a special study committee of API members. The issue of coding paper products has come under close examination as a result of efforts in other commodity lines, and the need to improve efficiency in the ordering and handling of paper.

Why are "Voluntary" Guidelines Needed?

Many paper users and paper companies have taken steps to utilize bar code information in their operations. It is important, says API, that all mill customers and customer groups do not unintentionally adopt a bar coding system that may be incompatible with generally recognized, desired procedures. The purpose of the guidelines, then, is to permit each paper manufacturer to identify its products using its own grade code and still permit a merchant purchasing from many companies to decipher the codes received.

The Code System

The bar code itself is called the "3 of 9" symbology and is a series of lines (bars) and spaces: 5 bars and 4 spaces.

These 9 elements are used to define an alphanumeric character. It is based on a binary system of coding which gives a wide bar or space the value "1," and a narrow bar or space the value "0."

An alphanumeric coding system provides much greater scope and flexibility than numeric coding alone, says API. The reason is that a two character numeric code may be used to define 100 different items, while a two character 3 of 9 code can be used to identify over 1,500 items.

The data set for the 43 character alphanumeric system contains: **0-9, A-Z, -, ., $, 1, +, %,** and **space**.

Code Configuration

By using this system of bars and spaces (similar to that fashioned by Samuel F.B. Morse—a series of dots and dashes which translated into letters and numbers), a scanner can "read" the printed information. The pattern below shows how this works.

Identification

A two-character code that identifies the paper manufacturer will appear first. The company code will permit the merchant's computer to identify the shipper and then decode the product information which follows. API has assigned the identifying codes of paper manufacturers.

The product information which follows the company code may be established by each manufacturer individually. Human readable information should appear above or below the encoded characters.

More Information Available

The report of the American Paper Institute provides more detail concerning the specification of proper code design and printing. Their information is patterned after the American National Standards Specifications for Bar Code Symbols on Transport Packages and Unit Loads (ANSI MH10.X-1981). The complete API report, "Bar Coding Suggested Voluntary Guidelines for Printing-Writing papers and Newsprint," is available to NPTA members at no charge. Contact James L. Hutchison, Vice President, Paper Group, American Paper Institute, 260 Madison Avenue, New York, New York 10016.

Code Configuration

CHAR.	PATTERN	BARS	SPACES
1	▬ ■ ■ ■ ▬	10001	0100
2	■ ▬ ■ ■ ▬	01001	0100
3	▬ ▬ ■ ■ ■	11000	0100
4	■ ■ ▬ ■ ▬	00101	0100
5	▬ ■ ▬ ■ ■	10100	0100
A	▬ ■ ■ ■ ▬	10001	0010
B	■ ▬ ■ ■ ▬	01001	0010
C	▬ ▬ ■ ■ ■	11000	0010
D	■ ■ ▬ ■ ▬	00101	0010
E	▬ ■ ▬ ■ ■	10100	0010

Industrial Paper

LEARN FROM OTHERS. Sometimes its valuable to see what people are doing in other industrial wholesaling companies. Maybe an idea will pop out that will help your business.

TELEPHONE SELLING OF FOOD SUPPLIES: The Food Industry Supply Association (FISA) reports that by 1990, 50% of the average wholesale distributor's sale force will be inside salespeople. This is a great increase from the 30% in place in 1980.

They say that many firms are using telemarketing successfully with marginal and dormant accounts. For a program to be effective FISA points out, it requires commitment from top management. Salespeople must know their product lines thoroughly as well as inside selling techniques.

A secret FISA members have found is the coordination of telemarketing with direct mail. Some send the account a picture of the inside rep who handles their account to make the relationship more personal.

WRITE-OFF BAD DEBTS IN ADVANCE. The Wine and Spirits Wholesalers of America (WSWA) reports that anticipated bad debts may be deducted before they happen. Robert Feinschreiber reports in the Association's newsletter that a "bad debt reserve" account may be created.

The bad debt reserve is an additional tax deduction over and above the regular charge-off for uncollected accounts. For most companies, the accrual method states that income is earned when the sale is made and thus a receivable is created. A bad debt deduction is available only if your sales are included as income.

When a company uses the reserve method, it makes an addition to the reserve. Receivables are charged against the reserve in the year they become worthless. As the end of the year, the company can reinstate the reserve and deduct its additions to the reserve.

For most details, check with your accountant.

ST REGIS REORGANIZATION. The impact of changes taking place at St. Regis are being noted by those in and out of the paper industry. A recent feature in *Sales & Marketing Management* magazine (October 10, 1983) showed the effects of the creation of autonomous business units in the corporation's bag packaging operation.

St. Regis' Frank Maurer, southeastern regional sales manager, points out that as the market got tougher and competitors grew more aggressive, "we had to get answers on bids fast. We couldn't do this as well as our competitors. We were too big; there were too many layers of management. Any pricing decision went all the way to the top, and that was many layers away. Now we can get answers a lot faster, often within 24 hours," he said.

The reorganization made some important changes to the operation of the company. Bag Packaging and Consumer Products were united. Five autonomous units were created in this division, which include: (1) Consumer Goods - school, home, and office supply products (they sold off their less profitable disposable plates and cups business); (2) Retail Packaging - grocery bags; (3) Specialty Packaging - stretch film, semibulk containers; (4) Multiwall East, and (5) Multiwall West. The last two units, taken as a whole, are the largest part of the new division at $300 million out of a total corporate sales of $2.6 billion.

RECYCLE OR BURN? That's always the question that arises when industry people and those who administer local goverments talk about waste paper. The Solid Waste Council of the Paper Industry just published a handy eight page brochure titled "Waste Paper-Recycle or Burn?"

The brochure highlights the results of the extensive study done by Franklin Associates for the Council. The study projects that between 1980 and the year 2000, the amount of solid waste burned in waste-to-energy plants will have increased 10 to 14 times. Paper comprises about 30% of total municipal solid waste by weight. If paper for recycling was removed, there would only a 7% decrease in the waste-to-energy plant's output.

The full report, *Waste Paper—The Future of a Resource, 1980-2000* (245 pages), is available through the NPTA Communications Department at $7.00. Free copies of the descriptive brochure "Waste Paper—Recycle or Burn?" are also available. These make a good meeting handout.

OUTLOOK FOR FAST FOOD EXCELLENT. As the economy has improved, so has fast food sales. New chains are springing up quickly which is no surprise. But experts say that after 1984, the challenge will be to increase market share rather than add new outlets.

Roger Lipton, managing director of Lipton research, sees growth in fast food concepts "that serve fresh baked goods, spicier meats and poultry, and fresh and eye-catching desserts."

Companies which experts target for growth include: McDonalds, Wendy's, Shoney's, Jerrico and Chi-Chi's.

Dimensions In Training

NPTA Enters The Video Revolution

Video...enables people to visualize difficult concepts.

NPTA's Education and Training Department has interviewed dozens of training directors across the nation, and has found a general consensus with regard to the urgent need for inhouse training through the use of audio visual programs. Training that can be implemented by a company's marketing or sales manager can prove to be a rewarding experience for all. There are opportunities to upgrade professional standards and increase a company's profits.

The use of audio visuals instruction has now assumed a major role for content presentation—freeing the manager to concentrate on monitoring, tutoring and evaluating trainee performance. Paper merchants constantly tell this Department that audio visual communications can do much to achieve the "telling and showing" in compelling ways.

Objectives of the Program

In responding to this need, the Education and Training Department has pinpointed the following objectives in promoting its A/V inhouse training NPTA will:

- work to inform the paper distribution industry of the values and importance of using A/V material for their training.
- work to standardize the industry around a recommended format.
- keep members abreast of the latest programs available by constantly updating the catalog.
- encourage suppliers to produce new product knowledge programs.
- keep members informed about the production of A/V programs by suppliers.
- be a producer of audio-visual inhouse training material.

These objectives reflect the viewpoint that professionally trained people produce profitable results. With this comes the need for further product knowledge training as it relates to each merchant's product line. While managers must manage more efficiently, the sales force must increase its working knowledge and keep pace with the changes in the products it sells everyday.

Choosing A Format

The NPTA Education and Training Committee recognized that a viable state-of-the-art hardware system should be adopted as the industry-endorsed A/V training format. Whatever the choice, the new format had to offer the highest possible program quality, have flexibility for present and future applications and be cost competitive.

The final choice was ½" VHS videotape. Dozens of members were surveyed; the views of Bill Ochsner, president, National Paper Company in Omaha, Nebraska were reflective of all: "We are deeply committed to attaining a high degree of professionalism here at National Paper Company. The chief importance of video programming has proven to be a most effective way of educating our people."

Paper Merchants in the Video Revolution

The revolution in video training is now upon us. Paper merchants have begun to realize that its applications are virtually limitless: to share messages from management (especially significant for multi-branch operations), to capture visualized sales meetings for training programs, to monitor performance of sales people.

Ms. Tim Bulmer, supervisor of training, Kent H. Landsberg & Company in Montebello, CA, sees video training as the "communicator of the 80s." To Ms. Bulmer, the advantages are many:

"Programs can be tailored to our type of distribution. For instance, the video coverage of a flowable installation certainly is more informative than a brochure.

"Video cassettes are easy to distribute to other divisions.

Employees can check programs out of the library for viewing at home.

"Younger employees are programmed to watch the 'Big Eye.' They relate to the faster pace of video."

With video married to the computer, Ms. Bulmer believes in the full potential of this technological revolution. She states that through the computer, we have unlimited possibilities—interactive video, computer generated graphics and teleconferencing.

Many merchants have found that feedback from group dynamics sessions as sales training role playing, is especially useful because of its instant replay capabilities for speech/sales/instructor role playing and self-critique.

The range and applicability of video potential is illustrated in the following comments made by Richard Mignano, Vice President Sales and Marketing of Inlander-Steindler Paper Company. "We have found several great benefits in the use of the VCR at ISP. First and foremost, in the area of sales training, it has been very effective for role playing. We have found that role plays are a very useful means of demonstrating the strengths and weaknesses of our new and experienced sales personnel's selling performance.

"It provides a most graphic demonstration of not only the use of selling skills, but a salesman's mannerisms, energy level, responsiveness, listening skills, question-asking ability, etc. A sales trainer can spend a lot of time trying to get these ideas across, but when a salesman actually has the opportunity to see himself in action, the positive or negative reinforcement is immediate and is accepted.

"We also use video to show selling skills and motivational tapes available from various sources. As an example, during a recent training seminar, we showed several tapes on handling objections and closing techniques available through 3M Packaging Systems Division. With the VCR, we were able to transport the equipment very easily and plug into a television set at the meeting location.

"People today are so conditioned to watching television that they find this a refreshing break from the standard discussion-type meetings. Additionally, compared to the use of film or slide cassette programs, the presentation quality is excellent and the room lights stay on to compensate for any sleepy participants.

"Finally, the video allows us to tape corporate presentations and role plays on specific products that we are interested in promoting. These tapes can then be sent to any of our branches for easy viewing by local salesmen."

In addition to its many uses, the videotape can be stopped, freeze-framed and backed up. Today, thanks to new, compact, transistorized, portable videotape units, the amazing flexibility and adaptability of this training tool is available for ever-decreasing costs. Videotape equipment records television pictures and sound on magnetic tape, much in the manner that a conventional audiotape recorder records sound.

It must be remembered that videotape recording is an excellent means of extending our ability to communicate. This technology involves the skill and imagination of the communicators behind the camera, which results in a training program that can bring a positive learning experience to your people.

Chris Strassburger, director of management development, Distribix in Florissant, MO, recently stated, "We feel the use of video will become increasingly important in all of our future training requirements as we continue to grow. We see video being used for every type of training, ranging from sales to operations. More companies are accepting video as a medium for learning because it can speed up training and can be inexpensive if used properly.

"Presently, with our numerous inhouse training sessions, we use video not only as a part of the course materials, but also as a complement to the session, to help convey a short message that reinforces the overall theme.

"We think a few of the added values and benefits you receive from video are: it enables people to visualize difficult concepts; it can teach complex subjects more clearly and faster; and it communicates uniformly and efficiently. It can put a face behind a memo."

Conclusion

As NPTA moves into the video revolution, member companies will be asked to suggest programming ideas to the Education and Training Committee. 1984 will see NPTA begin to make programs in the ½" VHS video format available. You will be hearing a lot more about the use of video in training from NPTA. It is hoped that you will find the value in video tape as a training medium that others in the paper distribution industry already have found. MN

Education and Training Committee of the National Paper Trade Association

Mr. Dave Brizius, Chairman
Copco Papers Inc.

Mr. Richard Mignano
Inlander-Steindler Paper Co.

Mr. William G. Ochsner
National Paper Company

Mr. Lawrence Rauppius
B. W. Wilson Paper Co.

Dr. Ben Scott
Century Papers Inc.

Mr. Allan Thomas
Alling & Cory

Mr. Michael Warren
Zellerbach Paper Company

Expectation And Forecasts For 1984

High interest rates and the mounting Federal deficit could not stop the "Great American Recovery Machine" as it steamrolled through 1983. Although economists originally predicted 3 to 3.5 percent economic growth, real growth racked-up 6.5 percent since the recovery began at the outset of last year.

A "Normal" Recovery

Some say that the recession (from which we are all now recovering) was the worst since the thirties. The actual recovery, on the other hand, says Winston Williams in the *New York Times*, "has been remarkably average." In his article of November 20, 1983 titled "A Classic Recovery, After All," he points to four reasons why the recovery has been so normal:

1. **It is broadly based.** 81% of the country's 186 industries are expanding.
2. **Unemployment is behaving.** Although high, it has dropped two points in 1983.
3. **Industrial production is up.** The six previous post-war recoveries followed the same trend.
4. **Consumer spending is on the move.** It started strong, slowed in the summer, and will prove to be the strongest Christmas season in years.

Recovery In The Paper Industry

The paper industry tracked along the same path as the economy. 1982 saw mill operating rates sink to 84.6 percent in linerboard output, for example. Norma Pace, senior vice president of the American Paper Institute, was recently quoted in a *Wall Street Journal* article where she pointed to current operating rates of 96 percent for linerboard and 95 percent for printing and writing papers. Operating rates, in general, are rebounding to pre-recession levels.

But that is not the whole story. Merchant activity which also has closely followed the changes in the economy has shown a bit more lag. Sales of both industrial paper products and printing papers by distributors began their up-swing in February of 1983. Sales for industrial paper is running 8.9% ahead of a year ago, and printing paper is showing a gain of 16.5% from the year before.

What Can Paper Distributors Expect in '84?

NPTA conducted a survey of member companies. The questionnaire included in the November issue of *Management News* yielded 72 responses from all geographic areas of the country and all paper distributor types. (The analysis which follows is not necessarily indicative of the opinions of the entire industry. These results are presented in the hope that they show industry movement and direction.)

Profit Improvement

Survey respondents were asked about their 1983 profit improvement. **Dual** paper distributors were the most optimistic. 58% of them expected the year to show a 20% or greater increase in profits, versus 24% for **printing** paper and 21% for **industrial** merchants. Also, 67% of **printing** and **industrial** distributors expected gains to be in the 15% or less range.

Those surveyed projected profit improvement for 1984. **Printing** paper distributors were the most optimistic in this case. One-third expect a 20% or better increase in 1984 profits, compared with 24% for **dual** merchants. A total of 80% of **dual** distributors were the most optimistic in this case. One-third expect a 20% or **printing** and 48% for the **industrial** group.

Cost of Goods Purchased from Suppliers

For 1983, 75% of **industrial** merchants expect that year-end figures will show a 3-7% rise in the cost of goods from suppliers. 57% of **printing** paper distributors and 54% of **dual** merchants agreed with the 3-7% rise. A significantly lower percentage of **industrial** distributors believed that cost increases would be in the range of 7-10% or better.

Projections for 1984 reported that 70% of all three groups expect the cost of goods from supliers to rise 5-10% or more. This may reflect experience with past recoveries. Generally, as the recovery progresses, inflation and therefore the cost of most goods tend to heat up.

Personnel Costs

The majority of respondents (57-64%) in all groups expect that 1983 will show a personnel cost increase of 5-10%. Roughly, one-third of all respondents expected the year to close with under a 5% increase in personnel cost, but the bulk of all those responding chose the 5-7% range.

For 1984, roughly two-thirds of those surveyed (68-76%) in all groups project costs rise 5-10% with most expecting increases of 5-7%. Few paper merchants expect personnel costs to rise 10% or more, no doubt believing that inflation will be under control in relation to several years ago when employee wage demands were up to keep pace with the advancing cost of living.

Fringe Benefits

About half of all respondents expected that 1983 would show a rise of 5% or less in employee fringe benefits. One-third of **printing** and **dual** merchants expected fringes to have risen in the 5-10% range, while only 17% of **industrial** merchants selected that range. A significantly higher percentage of **industrial** distributors felt 1983 would show fringes running at a 10-15% increase.

The overwhelming majority (84%) of **dual** distributors expect that fringe benefit increases in 1984 will be 7% or less, versus 76% of **printing** and 65% of **industrial**.

Announced Capacity Expansion For U.S. Paper Mills

Grade	Annual Capacity (Thousands short tons)	Proposed Start-up	Company & Location
Coated Groundwood	200	1982	Mead Corporation Escanaba, MI
Coated Groundwood	170	1982	St. Regis Corporation Sartell, MN
Coated Groundwood	175	1982	Weyerhaeuser Company Columbus, MS
Coated Free Sheet	200	1983	Scott Paper Company Skowhegan, ME
Uncoated Free Sheet	150	1983	Champion International Corporation Courtland, AL
Uncoated Free Sheet	160	1984	Crown Zellerbach Corporation Camas, WA
Uncoated Free Sheet	350	1984-1985	International Paper Company Southern U.S.
Uncoated Free Sheet	215	1984	Union Camp Corporation Eastover, SC
Cotton Fiber	3	1982	Portals Limited Hawkinsville, GA
Tissue	N.A.	1984	Fort Howard Paper Company Green Bay, WI
Tissue	N.A.	1985-1986	Fort Howard Paper Company Muskogee, OK
Tissue	14	1984	Tagsons Paper Incorporated Mechanicville, NY
Tissue	65	1982	Wisconsin Tissue Mills Incorporated Menasha, WI
Unbleached Kraft Linerboard	280	1985	Independent Kraft Corporation Tuscaloosa, AL
Unbleached Kraft Linerboard	200	1982	Weyerhaeuser Company Valliant, OK

N.A.—Not available
Source—American Paper Institute

Mill Capacity Is On The Rise

API reports that in 1982 545,000 tons of additional coated groundwood capacity has been put on line. The recovery helped absorb some of this new product in 1983. Also, last year saw an additional 350,000 short tons of capacity added in coated and uncoated free sheet.

Projected for 1984-85 is the start-up of 725,000 tons of uncoated free sheet paper.

Trends—Printing and Writing Papers

This segment of the paper industry is experiencing faster growth than any other, reports the American Paper Institute. Net additions to capacity are averaging 2.8 % per year compared with the 1.9 % for all grades.

Trends—Kraft Packaging Papers

Mill capacity to produce both unbleached kraft paper and unbleached linerboard is difficult to estimate because of the mill's ability to swing from the production of one to the other. API sees a potential increase in linerboard production at the expense of kraft.

Trends—Tissue

In addition to new capacity, existing machines will be improved bringing total industry capacity to 5.5 million tons by 1986. This represents a 2.3 % increase in tissue output, ahead of the 1.9% industry average for expanded capacity.

Trends—Recycled Paperboard

Recycled paperboard will increase in output just under 1% annually, or about half the industry average for all types of paper. The industry's total output of this product will be over 9 million tons by 1986 compared with just over 17 million tons of unbleached kraft linerboard.

Unguarded Optimism In The Restaurant Business

Industrial paper distributors carrying fast food disposables should know that restaurant business in 1984 is creating "an ideal climate for the away-from-home eating industry," says Jim Peterson, president and CEO of Whataburger.

His comments appeared as part of an industry survey conducted by *Restaurant Business* magazine and reported in their December, 1983 issue. The article, "The Presidents' Forecast" revealed unguarded optimism for 1984, and the outlook for the lodging/foodservice industry as "bright."

David Lane, vice president food and beverage management for Holiday Inns Hotel Group, stated that "opportunity for growth in 1984 will be in the casual fun-service, fun-food areas, especially bar/grill combination concepts."

All who were interviewed seemed to agree that in 1984 the consumer would become more important and would be less tolerant of poor food and service. Even the fast food chains will start regionalizing their menus to accommodate for local tastes. It seems that in 1984 the foodservice consumer will be in the driver's seat and the industry has recognized that fact.

Expectations...

A recent Printing Industries of America (PIA) report stated that "The #1 force expected to have an impact on the printing industry between now and 1990 is electronics in the printing process."

Laser copiers will enter the marketplace in 1984 and will be revolutionary.

Home use of paper will increase in 1984 as home computers and copiers grow in numbers.

Service companies in 1984 will pay more attention to their names and logos to strengthen company image. A New York marketing firm survey showed that the service sector will improve its corporate image in 1984.

Paper shredders are making a comeback. Although hurt by Watergate and the EPA scandals, TV campaigns will boost sales from $2 million in 1972 to over $70 million.

Aseptic packaging will be "big" in the USA next year as it already is in Europe and Japan. A DuPont study revealed that aseptic one-liter cartons cost about half that of glass or steel.

Did Anyone Ask About 1985?

While everyone is looking to a continued economic recovery during 1984, few are considering 1985. The farthest people will look is November and the presidential election. It is clear, economists agree, that no one in the present administration will do anything to derail the recovery in 1984.

But 1985 may have a different tale to tell if present signs continue. The National Association of Business Economists reports that they see the recovery peaking in 1985 unless Federal budget deficits can be cut sharply.

Otto Eckstein, chairman of the forecasting firm Data Resources Inc., "has peered into his crystal ball," says the *New York Times*, and he has come up with a scenario: 1985 will be "a can of worms."

He sees a lot of trouble in 1985 business based on the mounting deficit that "just won't go away...the Fed will be throwing its weight around and Wall Street will be all upset," he said.

Specifically for 1985, Dr. Eckstein sees real growth in GNP as less than half of the 1983 levels, a lower number of housing starts, and lower labor productivity growth.

Print Outlook For '84 Is Encouraging Reports NPES Conference

Why do industry experts agree that 1984 will be a good year for the printing industry? The reasons involve the health of the economy in general and the trends in the printing industry at present.

"Print Outlook '84," the annual conference held by the National Printing Equipment and Supply Association, drew attendees from around the country to hear what's ahead for the printing trades. As reported by *Printing News* magazine, all signs at present are for a bullish 1984.

Orders for equipment in 1983 rose to $1.68 billion, a substantial increase over 1982. Projections now are that 1984 will increase those sales 22% to over $2 billion. 1985 may see an additional 9% hike.

The conference reviewed the various segments of the industry and revealed an interesting perspective on 1984:

Periodicals: Magazine publishing will continue its upward trend and show 4% real growth over 1983.

Book Publishing: Book sales in general are lagging, but computer-related books are selling well. 1984 should be the last year school enrollment will decline. "The numbers of students at all levels of education should begin increasing... with good results for text book sales—a key element of book publishing," stated *Printing News.*

Miscellaneous Publishing: Although publishing in other areas have shown a low growth rate, 1984 should see real growth at about 3.4%.

Commercial Printing: 1984 projections are for a 6% growth rate. Printers expect that the "stage of higher costs (for material and supplies) should be past now, and 1984 should be a good year for commercial printing firms," *Printing News* reported.

Business Forms: Real growth in this segment should be about 4.9%.

Expectations For the '84 Econony

Real GNP growth in 1984 is expected to be at about 4½% compared with the 5% increase in 1983. The unemployment rate should decline to about 8½%, says economist Michael Evans of Evans Economics.

"Inflation is bound to heat up, if only because of higher food prices in the aftermath of the drought. In fact, the consumer price index should increase about 5½% next year, or almost twice the rate that occurred in 1983," he said.

Spring may see the re-heating of the economy once again. Evans predicts that one of two events will occur: "Either the Fed will tighten up the money supply and raise interest rates...or it will let the money supply grow faster, thereby keeping the economy moving ahead smoothly throughout 1984—with the price to pay in 1985 and later years of much higher inflation." No one will throw the economy into reverse, Evans says, simply because of the 1984 election.

CHAIRMAN'S CORNER

Management

LIONEL ELTIS
NPTA's Chairman of the Board

One of the biggest complaints that I hear as I talk with paper merchants throughout the country is the mounting pressure of profit margins and difficulty in controlling salespeople. This is not unique to the wholesale paper business; it is a condition that exists with every merchant-wholesaler or retailer.

There is competition in every area of merchandising. As long as we are in business, we are going to find different people putting different values on the merchandise they sell. This is characteristic of the free enterprise system.

Paper merchants can do something about management problems that exist in their organizations. When I first started selling many years ago, the gentleman who ran our company believed in the principle that salespeople must follow management directives. The only way we could deviate was to get his personal permission and that wasn't easy.

It is up to owners and managers to determine individual company policies. Management must require salespeople to abide by those company policies.

As managers, we must teach our salespeople how to sell, how to sell themselves first, how to sell the company next and how to sell the benefits of the products they are taking to market. Then we must teach them how to close those sales; how to ask for the order.

Naturally, prices are important but they are not everything. Until we believe these principles ourselves and inbue them in the people who are taking our products to market, we deserve what we get.

NPTA can help you become better managers. The PAR will give you guidelines and comparisons to help you determine what you need and how you are doing. The Education and Training Committee will develop seminars for you and help you train your sales forces.

It is our responsibility to determine what our merchandise is worth and we must be professional enough in bringing our products to market to achieve the goals we set for ourselves.

Good luck in the new year. MN

CALENDAR OF EVENTS

January

22-24. Copier Industry: Winds of Change. Status and outlooks. Pier 66, Ft. Lauderdale, Fl. Contact Institute for Graphic Communications, 617-267-9425.

February

8. 80th Anniversary Banquet of the Paper Trade Association of Philadelphia held at the Philadelphia Airport Hilton Inn. Contact PTA at 215-564-3484.

9-10. Productive Marketing Management For Paper Wholesalers. An operationally efficient and effective approach to recapturing profitable sales growth. St. Louis, MO. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

The Manager's Notebook

Purchasing Managers Say Its Going To Be Better Next Year

By a 6-1 majority, purchasing managers are projecting that the first quarter of 1984 will be better than the last quarter of 1983. Their optimism is not as great for the second half of 1984. Only 56% of them say that the second half of 1984 will be better than the first half—continuing the upward trend.

The National Association of Purchasing Management said a record 89% of its members felt that 1984 will exceed 1983 levels of business activity. Their only worry is inflation. They see that as a potential problem later in the year.

Was George Orwell Right About 1984?

According to the magazine **The Futurist** *and its editor Edward Cornish, the answer is—No! "Orwell (the author of the famous novel* **1984***) is so wrong as to be drummed out of the company of forecasters."*

Orwell was "nearly a complete failure" as a scientific forecaster of things to come, agrees economist Burnham P. Beckwith. Some say Orwell's purpose was to warn his countrymen against the serious risks of certain social politics. But many disagree.

The World Future Society, which publishes the magazine, has 30,000 members worldwide. They will meet in June to discuss opportunities and challenges for tomorrow in a meeting titled "WorldView '84." It will be a happy occasion to note that George Orwell was wrong about 1984.

Sales Increases Will Push Advertising Budgets Higher In 1984

Following projected sales increases of 19.6% in 1984, advertisers will be expected to spend 15% more in 1984 **The Gallagher Report** *of December 7, 1983 announced the results of their 22nd annual survey of industrial advertisers.*

Setting the pace for expanded advertising was the automotive industry with a projected 40.5% surge. Office equipment was next at 38.3% followed by chemicals at 22%. Electronics will average a 21.5% increase in advertising expenditure the report stated. The Gallagher survey projects a 1.5% increase in total advertising and promotion in the paper industry.

Company catalogs, as an advertising medium, will increase at a lower rate than in 1984. Direct mail will pick up more steam next year.

Why Use Direct Mail Advertising?

The answer is simple: people look at it, read it, and respond to it. Are you sure? The Direct Marketing Association is; they reported the following in their Fact Book:

1. Sixty percent of executives surveyed preferred to hear about new office products through direct mail advertisements and announcements.

2. More than half of the 20 percent who found direct mail annoying **still** *wanted to receive it.*

3. Buyers responding to a Business Advertising Research Council survey said they scan at least three-quarters of the direct mail pieces they receive.

PAPER MERCHANT SALES REPORT

NOVEMBER, 1983

	NPTA REGIONS	SALES PER SELLING DAY NOVEMBER 1983 -COMPARED TO- NOVEMBER 1982	SALES PER SELLING DAY NOVEMBER 1983 -COMPARED TO- OCTOBER 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE -COMPARED TO- 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF NOVEMBER		CALENDAR DAYS' COST* OF ENDING OCTOBER INVENTORY	
					1982	1983	1982	1983
INDUSTRIAL	1	+ 6.8%	+11.3%	+ 5.0%	43	43	57	—
	2	+11.5%	+ 5.3%	+ 3.4%	36	35	43	50
	3	+33.7%	+ 5.8%	+ 8.6%	35	37	67	59
	4	+14.7%	+ 3.1%	+10.6%	33	35	53	51
	5	- 0.2%	+ 4.1%	+ 2.0%	33	34	63	55
	6	+14.7%	+12.2%	+ 5.1%	39	32	55	—
	7	+11.2%	+ 8.7%	+ 0.7%	37	38	62	—
	NY METRO	+16.2%	+10.0%	+ 9.7%	45	45	—	—
	CHICAGO METRO	+10.5%	- 1.4%	+11.8%	41	37	54	—
	LA METRO	+15.8%	+ 7.2%	+ 6.2%	42	46	62	50
	US	+16.1%	+ 6.1%	+ 6.5%	37	37	57	60
PRINTING	1	+40.2%	+19.7%	+16.1%	51	55	57	—
	2	+34.2%	+21.0%	+11.2%	46	47	60	61
	3	+36.8%	+ 1.9%	+15.2%	44	44	74	73
	4	+24.2%	- 1.0%	+10.6%	43	44	64	67
	5	+29.7%	+ 6.3%	+12.9%	42	44	69	70
	6	+11.4%	+ 3.6%	+ 6.4%	41	48	57	—
	7	+10.5%	- 7.3%	+ 1.8%	40	41	66	79
	NY METRO	+31.3%	+ 8.5%	+13.8%	46	44	67	—
	CHICAGO METRO	+35.2%	+ 3.8%	+13.2%	42	43	62	—
	LA METRO	+35.9%	+ 7.2%	+16.9%	37	39	78	68
	US	+29.9%	+ 6.4%	+11.9%	43	45	65	59

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00X.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC; TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

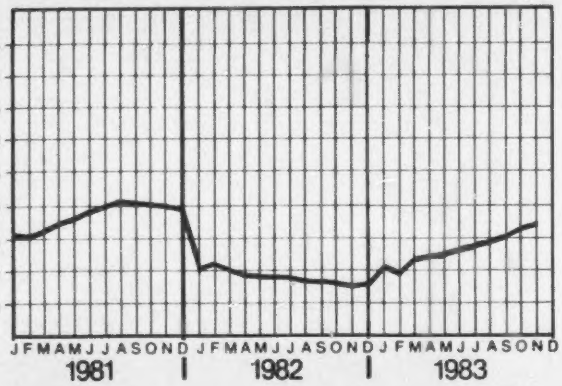
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

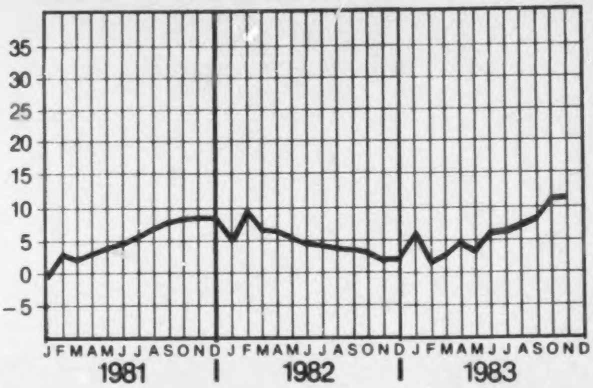
Paper Merchant Sales Report
SUMMARY NATIONAL TREND INFORMATION: 1981 TO PRESENT

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

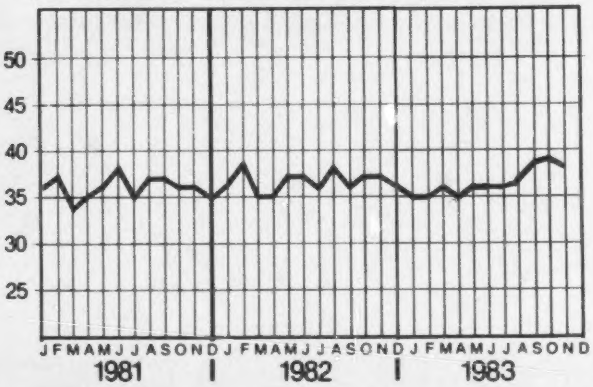


PRINTING PAPER SALES NATIONALLY

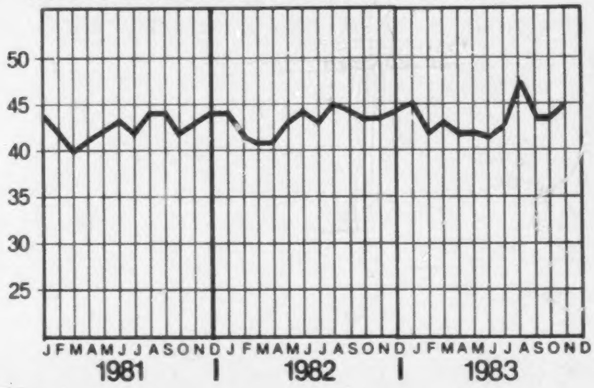


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

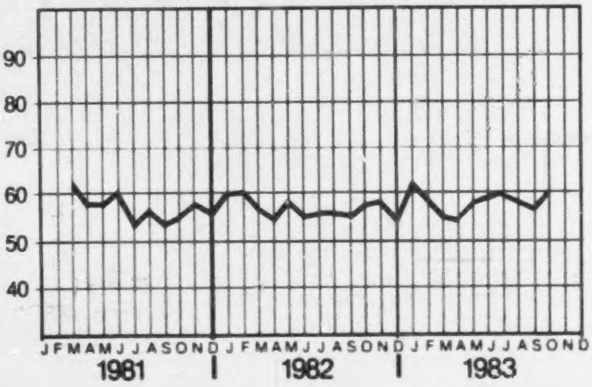


PRINTING PAPER RECEIVABLES NATIONALLY

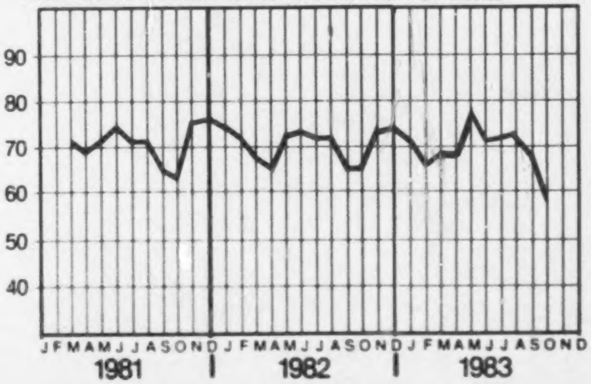


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

API Reports Year-End Wrap-Up Of Legislative Action

ISSUE	HOUSE	SENATE	OUTLOOK	API POSITION
CARGO RESERVATION Would mandate a percentage of bulk imports and exports be carried in U.S. ships.	HR 1242 (Boggs) approved by Merchant Marine Subcommittee 6/29	S 1624 (Trible) principal bill introduced. Hearings held 9/27 and 9/29 by Merchant Marine Subcommittee.	Passage unlikely.	Opposes.
CLEAN AIR ACT AMENDMENTS Would amend 1977 Clean Air Act.	Acid Rain bills introduced—HR 132 (Gregg), HR 1405 (Rahall), HR 3400 (Sikorski), HR 4404 (Conte).	Acid Rain bills introduced—S 454 (Byrd), S 145 (Mitchell), S 769 (Stafford), S 766 (Randolph), S 2001 (Durenberger). Comprehensive amendments introduced—S 768 (Stafford). Hearings began 11/15.	Passage possible in 1984.	Supports constructive amendments to the Clean Air Act.
ILLINOIS BRICK Would allow indirect purchasers to sue for antitrust damages.	HR 2244 (Howard) introduced. Subcommittee hearings held on broad range of antitrust issues.	S 915 (Gorton) introduced; hearings held on 6/8.	Additional Senate hearings schedule unclear.	Opposes.
MUNICIPAL ACTION EXEMPTION Would grant certain immunity from antitrust laws to local governments.	HR 2981 (Hyde), HR 3361 (Fish), HR 3688 (D. Edwards) introduced.	S 1578 (Thurmond) introduced.	Hearings likely.	Supports inclusion of language to protect recycling interests.
PORT USER FEES Would require users to pay certain port costs.	Port user fee bills introduced—HR 1512 (Biaggi), HR 2406 (Matsui); hearing held 4/21.	Port user fee bills introduced—S 865 (Hatfield), S 970 (Moynihan); hearings held in June.	Unclear.	Supports port user fee legislation; specific bills now under review.
PRODUCT LIABILITY Would create a national product liability law.	HR 2729 (Shumway) introduced.	S 44 (Kasten) withdrawn from markup by sponsor until later date. New compromise version being circulated.	Unclear.	Under review.
RESOURCE CONSERVATION AND RECOVERY ACT (RCRA) Would amend portions of the current act dealing with hazardous wastes.	Passed House 11/3.	Amended version of S 757 (Chafee) passed Environment and Public Works 7/28.	Passage likely in 1984.	Supports modifications to HR 2867 & S 757.
SUPERFUND Would amend the Comprehensive Emergency Response, Cleanup and Liability Act (CERCLA).	HR 2503 (Wyden) 4416 (Green) introduced. Hearings began 11/10.	S 816 (Bradley), S 860 (Hart) introduced.	Passage likely in 1984.	Under review.

Source: American Paper Institute

ASSOCIATION File

Young Executives Forum

By Art Wienke
Vice President, Sales & Marketing
The Paper Company
Sioux Falls, SD

Time...the passing of, the lack of, the need for. We have all been victimized by time at one "time" or another. Dr. Merrill E. Douglass speaking at the Young Executives Forum in New York City during the convention helped to point out some time wasters we all encounter during our work days. His statistics of time are quite interesting. As an example, an executive gets interrupted on average 6-9 times per hour...Time Wasters! Dr. Douglass' seminar was very well attended, we even had some "older" Young Exec's in attendance, we appreciate the support!

Time has done something else—it has run out on my tenure as Chairman of the Steering Committee of the Young Executives Forum. I must now join the ranks of "The 39er's," destined never to be "young" again. Mr. Jon Bloom of JB Papers has very capably assumed Chairmanship of the Steering Committee for the coming year and will do a fine job.

As I look back on my tour of duty, I see the Steering Committee and Alumni Chairmen Meeting in Dallas to regroup and reorganize the YEF. That meeting was very good and gave birth to the YEF's interest in education. As a result, I served on the Ad Hoc Committee to research what university programs are available for use thru NPTA. That program is on going and will become an important NPTA offering to its members.

Time...it has moved much too rapidly for me this year as Chairman. It has also been spent most enjoyably working with the YEF Steering Committee and the NPTA staff, thanks!

Positions Wanted

(Resumes on request from the NPTA Communications Department.)

Individual with retail and retail packaging experience seeks a position in the paper industry. Specific interest lies in purchasing or customer service department.

Aggressive, knowledgeable manager with over 20 years management and ownership experience in industrial paper distribution seeks new challenge. Wishes to stay in California, but will consider relocating for the right opportunity.

Computer Conference A Success

The NPTA "Trends in Paper Distribution Computerization Conference" held on November 15-17 in Houston proved to be a resounding success. Developed through membership interest, this industry-first was an extensive and interactive program of workshops highlighted by a hardware and software exposition.

First-time and sophisticated users felt each of the fifteen workshop sessions provided an excellent introduction to the key issues of installing and managing a computerized operation. Customized for the needs of wholesale paper distributors, participants upgraded their understanding of the computer field vis-a-vis system design, financial and marketing management, inventory control, information networking, multi-branch applications, and more.

NPTA's Education and Training Department is committed to providing quality programs in computerization in 1984. To assist us in this program development, we encourage you to bring your suggestions for topics of interest to us by contacting Bruce H. Linden at 516-829-3070.

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NPTA MANAGEMENT NEWS

February **Highlights** 1984

Firm joins NPTA

Congratulations and best wishes to the Penn Valley Chemical Company of Lansdale, PA which is the newest member of the Association. (P.2)

Dillard contributes $100,000 to printing group

John Dillard, president of Dillard Paper Company, presented a check for $100,000 to the newly formed Virginia Printing Foundation. (P.2)

Study finds magazines to continue to grow

A joint study between PIA and Strategic Futures, Inc. has found optimism in the magazine printing and publishing business through 1988. (P.4)

Sales success

Selling *can* be learned. What are the characteristics of the successful sales rep, and how can he or she be managed effectively? (P.6)

How to collect overdue bills by phone

Telephone collecting is an art. There is much more to it than dialing a customer. Here is a complete "how to" guide. (P.8)

NPTA brings aboard new directors

The Association has added a new position - that of Director of Marketing/Membership Services. Richard J. Lerman was appointed to that position, John S. LaRosa was named Director of Research. (P.9)

Paper industry and wholesalers pay highest tax rate

The national average may be 16 percent, but the paper industry and wholesalers in general pay 36.1 percent. (P.15)

One resource for all on wholesaling

A comprehensive, 500+ page "Database" has been published by the Distribution Research and Education Foundation and is available to *Management News* readers. (P.16)

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Route To:

NATIONAL PAPER TRADE ASSOCIATION, inc.

News of Paper Trade Activities

Penn Valley Chemical Company Joins NPTA

Congratulations and welcome aboard to Penn Valley Chemical. The company was established in 1968 and operates a 37,000 square foot warehouse at Penn St. and Krieble Ave. in Lansdale, PA.

The industrial distribution company has 16 employees. The president of the organization is G.F. O'Brien and James J. Hanratty is the vice president.

All wish them much success in 1984.

Dillard Contributes $100,000 to Virginia Printing Foundation

A check for $100,000 from John Dillard, president of Dillard Paper Company, marked the initial investment in the Virginia Printing Foundation. The new organization is sponsored by Printing Industries of the Virginias.

The organization's purpose is to serve the printing education needs of Virginia and will establish scholarships, internships, printing craftsmen training programs, and support the Virginia college system by underwriting special printing curricula.

The $100,000 donation from Dillard Paper represents one-half the initial goal. Commenting on the gift, John Dillard said, "for a great many years we have given support to the printing industry in the Carolinas. We are pleased to expand this support to Virginia where we are about to open our fifth Virginia division."

People In The News

Kenneth C. Pasfield has been elected secretary of George W. Millar & Co., a Division of GWM Industries. Also announced was the appointment of **James F. Slattery** to the board of directors of GWM Industries.

Kurt J. Pietsch has been promoted to the position of corporate operations coordinator of Inlander-Steindler Paper Company in Elk Grove Village, IL. **Andrew J. Costanza** was promoted to the position of corporate marketing manager of the company.

Carol Graham has been promoted to mill department manager and **Jim Gorski** has been named sales support data systems supervisor at the Hillside, IL, area headquarters of Mead Merchants.

James L. Kemerling has been appointed chief executive officer of the Mosinee Paper Corporation. He continues as president of the company. **Clarence Scholtens** who held the title of CEO previously will continue to serve as chairman of the board.

William Laimbeer has been named president of Owens Illinois' Diversified Division. Previously, he was group vice president and general manager of their Forest Products Group.

Robert E. McAvoy was appointed president of the S.D. Warren Division of Scott Paper. He succeeds **C.W. Schmidt** who took early retirement. Schmidt has been named to succeed **Henry E. Russell** as president and CEO of SCA Services Inc., the nations third-largest waste disposal company. **Russell** was named chairman of the board.

DeWitte M. Yost has retired as chairman of Sorg Paper and was named as a director of the Mosinee Paper Corporation.

Robert E. Tiemeyer has become vice president of consumer packaging for Champion International. **L. Scott Barnard** was named vice president of sales for the company. He will direct planning and development of marketing for fine paper, boxboard, unbleached paper and paperboard.

William R. Laidig has been named president and director of the Great Northern Nekoosa Corporation. He succeeds **Peter F. Yacavone** who was elected vice chairman and is leaving the presidency for health reasons. Mr. Laidig is expected to succeed **Robert Hellendale** as chairman and CEO when Hellendale retires later this year.

Automated Offices Still Find Paper in File Cabinets

Paper copies of important information are still the "fail-safe" system for retaining wanted material. According to a *Wall Street Journal* article, "office planners say most workers harbor a lingering distrust that a power surge, a blackout or a human error will wipe out all the work they've entrusted to the computer."

Although computerization is doing the work of a greater number of people, office space requirements are increasing. Work space needs have grown by 30-50 percent, the article stated.

Domtar Plans $912 Million Expansion

Domtar, Inc., a Canadian paper manufacturer, plans to spend $912 million to expand and modernize two fine paper mills.

Between 1984 and 1989, the company will invest $773 million in its Windsor, Quebec plant and another $139 million in its Cornwall, Ontario mill.

It is expected that production will increase 56 percent to 700,000 tons per year in 1989 from 450,000 tons currently. Domtar is Canada's largest fine paper manufacturer holding more than 30 percent of the Canadian market.

NCR Moves Into Long Distance Services

NCR, the business forms and supplies manufacturer, has moved into the long distance services business. The formation of Heritage Communication Corporation is a joint venture between NCR Telecommunication Services, Inc., a subsidiary of NCR, and Interstate Communications, Inc. of West Point, GA.

The new company will offer long distance telephone and data transmission services. They will begin by serving the San Francisco Bay area and will expand to New York City later this year.

Fasson Builds New Plant, Reorganizes Sales/Service Operation

Fasson Roll Materials Division of Avery International will start construction on a 105,000 sq. ft. manufacturing, office and laboratory facility in Ft. Wayne, IN. The $9 million facility will be located on an 11 acre site where 97,000 sq. ft. of the building will be used to produce pressure-sensitive roll label products. Employment should reach about 125 when adhesive coating operations are at full capacity.

The firm's Specialty Materials Division has restructured its sales organization along geographic lines. Named as regional sales managers in the new structure are Jay Young (Eastern), Bill Benson (Central) and Sid Jarred (Western). The Specialty Materials Division has also established a new consolidated Marketing Services Department in its Painesville, OH headquarters.

Sun City Paper Group Elects Officers

Reiny Vogt and Joseph Thomas have been reelected president and vice president, respectively, of the Sun City Paper Group. Ruth Jameson was elected treasurer, Jack Weiner was reelected program chairman, and Brooks Hartlieb was elected calling committee chairman.

The Sun City Paper Group is an organization of retired paper industry people who live in and around Sun City, AZ.

Thomas W. Busch

Appleton Has New Chairman

John J. Hangen, chairman and chief executive officer of Appleton Papers Inc. retires on March 31, 1984 and will be succeeded by Thomas W. Busch. Busch is currently the president and chief operating officer and will keep those functions as well.

Coincident with the announcement, Charles I. McCarty, chairman of the board of BATUS Inc., announced that Busch was elected to the BATUS board of directors.

BATUS, Louisville, KY, was formed Jan. 1, 1980, to be the holding and management company for U.S. operations of B.A.T. Industries p.l.c., London, England, and Appleton became a member of the BATUS Group.

Hangen has headed Appleton Papers since Oct. 29, 1977, when he succeeded former president, John P. Reeve. At that time, Hangen was also senior vice president of the media products group of NCR Corporation, then the parent firm of Appleton.

On June 30, 1978, when Appleton Papers was acquired by B.A.T. Industries from NCR, Hangen was simultaneously appointed chairman, president and CEO of Appleton.

Scott Announces New International Projects

Scott Paper International, a wholly-owned subsidiary of Scott Paper Company announced the start-up of manufacturing operations in Mexico and Malaysia which cost $95 million.

Scott's 49 percent-owned Mexican affiliate Compania Industrial de San Cristobal started up a $70 million paper machine at its plant in Ecatepec. The Scott affiliate is the largest pulp and paper manufacturer in Mexico.

The new Malaysian operation is a 50% Scott-owned affiliate which manufacturers bathroom tissue, facial tissue and table napkins. The plant output is 13,000 tons per year and contains the first twin wire paper machine in Southeast Asia.

Scott feels that the market potential for paper products in Malaysia and Singapore is excellent. Scott International also announced that it will build a $52.4 million paper making facility at the company's Romagnano, Italy mill. The new paper machine will produce 60,000 tons per year of towel, bathroom and facial tissues.

"THAT'S NOT WHAT I MEANT, BOSWELL, WHEN I SAID WE NEEDED TO BALANCE OUR INVENTORY"

NPTA®

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MERCHANT BRIEFINGS

PRINTING PAPER

Magazine Growth Projected Through 1988

According to the just published update of the Printing Industries of America, Inc. (PIA) study on "The Future of Consumer Magazines: Trends and Critical Developments, 1983-1988" major companies involved in the consumer magazine industry anticipate growth in the next five years, predicting moderate increases in revenues, costs and profits within this time frame.

The study is a joint venture between PIA and Strategic Futures, Inc. (SFI), a New York based consulting firm specializing in the printing and publishing industries. It is based on in-depth interviews with 132 individuals involved in publishing, printing, advertising (advertisers), paper and graphic associations, government agencies, etc.

According to study findings, the publishing, advertising and printing respondents were optimistic and see continuing moderate growth in the economy and the consumer magazine publishing industry.

Publishing executives noted that there will continue to be a moderate shakeout among the relatively weaker titles and publications. Magazine publishing will become even more capital intensive.

Diversification activities among the consumer magazine publishers are expected to become more commonplace, with publishers having a more communications orientation, i.e., in the area of electronic publishing, i.e., cable programming, being viewed favorably as an area of opportunity rather than having threatening implications.

Bright Spot in Magazine Publishing

1982 was soft, but 1983 rebounded well in magazine publishing. 100 new titles were added to the ranks of consumer magazines and predictions for this year optimistic.

The 25 top **computer magazines** racked up a total of 66 million copies sold in 1983. There are a total of 625 worldwide computer periodicals published in English.

Editor's Note: For an industry that said it would eliminate paper, they are surely doing a fine job of generating lots of print material!

Think of all the beautiful four color brochures that accompany every computer promotion, in addition to advertising pages in the new magazines.

Social Security Cards Will Be Printed On Bank Note Paper

The all-too-familiar Social Security card will no longer be a card. The Social Security Administration has been printing new "cards" on bank note paper similar to that used for dollar bills.

According to an Associated Press report appearing in *Business Forms and Systems* magazine, the new paper makes the Social Security card difficult to duplicate. They call it "tamper-resistant."

The change will not affect those already holding cards. Replacement cards, though, will be issued on bank note paper.

Technology is Changing the Reproduction Marketplace

Cheap copiers, high-speed duplicators, laser and ink-jet printers are threatening the quick printing industry. Is the sheetfed printer's domain safe from these new office technologies?

The fascinating and complex reprographics industry is reviewed in a special report just published by the National Association of Printers and Lithographers titled "How Development in Reproduction Technology are Affecting Markets."

The new office copier technologies are making longer runs economical. It was not long ago that the rule of thumb said that when more than 50 copies were needed, the job would be sent to the print shop.

Today, it is not uncommon for an office worker to run 5,000 copies in-house. One of the reasons for this is the new, more reliable technology that has reduced down-time to less than 5% on the latest machines.

The report reviews the different types of copiers and user habits, as well as the changing priorities of business people. The faster copiers, the report states, are reducing user inventory of printed materials kept on-hand. Now, the user can "print on demand."

The report discusses how the quick printing marketplace is changing as a result of the incursion of these new office copier technologies. Also, the impact on the commercial printer is considered.

The report, "How Development in Reproduction Technologies are Affecting Markets," is available from the NPTA Communications Department at $10.00.

PIA Launches New Economic Survey

Printing Industries of America (PIA) and the Eastman Kodak Company announced the establishment of a new economic survey of the North American printing industry titled *Print Forecasts.*

Terry A. Nagi, PIA executive vice president stated, "*Print Forecasts* provides verifiable statistics regarding the direction of sales, profits and other essential issues in the printing industry. . . it is the 'Dow Jones' of our printing industry. Companies participating in this economic survey now have a statistical tool to help confirm potential opportunities and challenges."

INDUSTRIAL PAPER

Who's Eating in Restaurants?

The American food dollar is shifting from the home to restaurants, reports *American Demographics* magazine. This has been the trend since the middle 1960s, and it has kept growing.

In the early 1960s — before fast-food restaurants sprouted — 20 cents of every food dollar was spent away from home. Today, 33 cents of every food dollar is spent outside, and some project that soon will be half.

The Bureau of Labor Statistics (BLS) cites several reasons for this trend:

1. changing lifestyles; 2. economic factors; 3. the increased proportion of single-person households; 4. the greater number of working wives; 5. the prevalence of school lunch programs; and, 6. the spread of fast-food chains.

BLS noted that while 30% of a four person household's food budget is spent away from home, single-person households spend 45% of their food budgets in restaurants.

Plastic Bags That Taste Bad

It seems at first that no one would care how good or bad a can liner tastes, but someone does. According to *Inside R&D*, chemists have developed a new compound that they claim is the "bitterest substance in the world."

It's called denatonium saccharide and is five times more bitter than denatonium benzoate, the previous record holder. The substance repells beavers and woodpeckers and other vermin from garbage cans when incorporated in the manufacture of plastic bags.

How To Fight the Cold and Flu Season — Use Disposables

For the third straight year, the Single Service Institute has sent local health officers a "model" press release for their use with the public. The release informs people of the precautions that can be taken to prevent illness from spreading.

One way to fight these germs is the use of disposables: "Serving food and beverages in paper and plastic disposable plates, cups and bowls, used only once by one person and then discarded, can help reduce the risks of cross infection."

A New Resource On Non-Woven Fabrics Is Available

There are 11 different methods currently used to form non-woven materials. A new sampler demonstrating these technologies has just been made available.

INDA, the association of the Nonwoven Fabrics Industry, has published a sampler containing 11 swatches with a brief description of each and a list of end uses for each type.

The technologies included are: Dry Formed (unidirectional), Dry Formed (isotropic), Wet Formed, Needlepunched, Spunbounded, Spunlaced, Film Extruded, Melt Blown, Composite, Thermal Bonded, and High Loft.

The sampler is $3.50 from INDA, 1700 Broadway, New York, NY 10019.

Packaging film on cable

Those who have cable television hook-ups carrying the U.S. Chamber of Commerce's BizNet Network can watch for the National Paperboard and Packaging Association's film *Packaging Versatility Unlimited.*

Stock footage of the film will also be used to illustrate pertinent stories in the Chamber's daily news program "BizNet News Today."

Market Report: Multiwall Bags

The recession drove many manufacturers out of business in the past five years, but the survivors, states the Paper Shipping Sack Manufacturers' Association (PSSMA), are here to stay.

Reporting in the latest issue of *Multiwall Monitor*, PSSMA notes that Crown Zellerbach, a major manufacturer, closed its two plants and left the multiwall business in 1982. Other closings included: Hoerner Waldorf's Des Moines, IA plant; St. Regis in Houston, TX, Omaha, NE, Tacoma, WA, and Union City, CA; Gilman in St. Louis, MO; Manville's West Monroe, LA operation, and the Bemis plant in Houston, TX

Since 1981, US multiwall capacity dropped from 6.5 billion bags per year to 3.5 billion as operating rates were down to 50-55%.

Now that the shakeout is over, states PSSMA, operating rates are climbing. Orders are expected to increase rapidly. The only hitch they see could be in the availability of kraft paper.

What is PSSMA?

The Paper Shipping Sack Manufacturers' Association (PSSMA) represents 95% of its industry. The organization provides members with statistical information of the industry, seminars on management and production, and gives members technical information on the industry.

PSSMA recently celebrated its 50th Anniversary. It began in 1933 as the Rope Paper Sack Manufacturers' Association. In 1951, the organization changed its name to the one known today to reflect the changing nature of the raw materials used in the industry's products.

The Association is optimistic about 1984 for its members. They see that the paper shipping sack has some outstanding qualities that make it a most desirable choice.

DIMENSIONS IN TRAINING

Sales success - managing the selling function

A recent survey of a number of trade associations sought to find out why sales reps fail. The results revealed a number of interesting reasons.

1. The reps who didn't make the grade frequently lacked initiative. This was the most frequently cited reason for failure - and perhaps the most difficult to cure.
2. Failing salespeople planned poorly (if at all) and were badly organized. An easier one to do something about? Not so.
3. Below-average reps didn't possess adequate product knowledge. This, of course, is the most commonly voiced complaint of sales managers everywhere. And yet it seems that at least part of the responsibility for hammering product knowledge into salespeople's heads rests with the very managers who usually complain the most!
4. Poor reps lack enthusiasm, said many of the sales managers.

Among other reasons for failure listed were:

- Lack of customer orientation;
- Lack of proper training.

Based on conversations with many paper merchant sales managers, one common area of concern is how to convince sales reps that proper product knowledge and sales training will produce consistently good results.

Success in selling

A glib tongue, a firm handshake and a repertoire of off-color jokes have moved plenty of products. Thankfully, those days are gone. Today's successful sales rep has to be more than a gladhander if he wants to succeed in the fast-changing competitive marketplace.

So says Xerox Learning Sytems, which studied 500 sales calls by 24 organizations to find out what works. According to their study, the rest of the sales rep stereo-type doesn't fit either. Neither the salesperson's age, sex, education nor experience seems to matter, states the report.

"What matters is the ability to use certain skills and to avoid certain errors," states Mike Radick, Xerox development specialist.

The study suggests the following rules of sales behavior:

1. Plan an approach in advance, but don't overwhelm the customer with a product-benefit harangue.
2. Think less about selling than conversing. Ask questions to determine the customer's needs and let the customer respond.
3. If the customer registers objection, skepticism or indifference, don't gloss over it. Determine the root of the problem. When candidly addressed, a customer's objection can end up helping the sale.
4. Don't keep selling after the customer has been sold. He might change his mind.

Developing an effective sales team

Developing effective sales management must be the first step to controlling and upgrading the sales force. Without sales management follow through, even brilliant programs and strategies fail.

Having follow through keeps salespeople persistently focused on selling or training objectives until success is achieved. the successful sales manager must focus time on priority skill development, target salespeople and target accounts.

To coordinate and implement a successful training program, the sales manager must have high energy, a desire to learn, to manage and to be managed. Natural interpersonal skills are a must and should be supplemented with formal training. He/she must be able to establish a rapport with and the cooperation of much of the sales force over time.

Also, he/she must be a successful salesperson to have credibility with other salespeople. Confidence, enthusiasm about what he/she is coaching, and basic knowledge about the company, the product line, the competition, are also important. Finally, an ability to articulate how to sell is necessary. Being a good playing pro is only half the story; being a good teaching pro is the other half.

If a sales manager matures into new areas of responsibility, then supervision may have to increase to help him master new challenges. It is important to note that the initial morale, cooperation and mix of the saleforce will affect the rate that the sales manager will be able to assume control of more salespeople, together with his effectiveness in being able to successfully train them.

D. Bruce Merrifield of Merrifield

Consulting Group recently noted, "As a direct measure for increasing salesmen's understanding and cooperation, have business review sessions. Make factual, numerical presentations of company problems that illustrate the need for change. Repeatedly, sell longer term company objectives and the short-term measures that the salesmen must puruse to help the cause.

"Point out the need for the company to be strong, because everyone will do only as well as the company in the long-run. Management must steadily assert ever greater formal direction and control over sales management activities which will gradually shape the sales force into a team."

NPTA sales development conference

The Association recently held a conference in Atlanta which addressed the issue of developing good sales management techniques through five workshops. Janice Kriegman, marketing manager of J.B. Papers of Union, NJ, said:

"Our sales meetings have tended to be largely one-way: management *telling* the salesforce. There has been little information flow the other way; consequently, there has been very little feedback from the marketplace and even less training value to these meetings.

"The workshop gave specific techniques to increase participation at sales meetings, namely, the use of premeeting assignments, presentations by sales reps, subgroup exercises, and role playing. These techniques were explained, both their uses and *mis*uses, and each was rather effectively demonstrated. The leader discussed how to begin, pitfalls to avoid and how to maintain the momentum. Moreover, the interchange among the participants was invaluable in exploring mutual problems with a common situation."

"I found the workship on 'Transition from Selling to Managing' to be very interesting and informative," said Kathy Brooks, human resources manager of Copco Papers, Columbus, OH. "The seminar leader had a unique way of blending together both practical and textbook theory; end result being a very usable interpretation of how to work with and assist those employees experiencing a transition from selling to managing."

Mike Warren, director of training, of Zellerbach Paper in San Francisco found value in the workshop on upgrading the skills of inside people. "The workshop 'How to Turn Your Inside Order Desk People Into an Effective Sales Team' allowed me to gain valuable insights into telemarketing as opposed to just telephone sales. These insights correlate well with our 1984 goals in this valuable and expanding sales area. The workshop was unusually pragmatic and the information, procedures and tips received will help expedite Zellerbach Paper Company's move into the telemarketing function."

Chris H. Strassburger, Director of Management Development for Distribix said "The essence of any management level is getting things done through the efforts of other people. However, we are all aware of the difficulty involved in motivating today's sales force.

"In general, what motivates people to work effectively is a challenging job that allows a sense of achievement, responsibility, growth, advancement, enjoyment of the work itself, and earned recognition. It is the sales manager's responsibility to take the salesman's *ability*, knowledge about products, people and procedures, and his skills of selling, planning, and communicating, and add to that his *motivation* of basic desires like security and awareness, and attitudes of reliability, confidence and aggressiveness to obtain the salesperson's maximum performance.

"By using the MBO (Management by Objectives) process, it can provide both the salesman and sales manager the direction needed to accomplish this performance."

Dennis Weaver, vice president, manager of sales at the Brewer-Chilcote Division of Cordage Paper in Cleveland, OH said that "What was introduced in that seminar were ideas and principles most managers are aware of and utilize to some extent in their day-to-day activities, however, these principles were drawn together in an organized format to help a sales manager develop the neophite, the experienced, and the heavy hitter salesperson.

"The highlights were how to determine a major account, how specific goals can be established for each specific account, and a written format for logging progress. The key is writing down account goals, definitions of customer background, product potential, and an action plan. It's necessary that both sales manager and salesperson have a concrete understanding of what's achievable at a major account and can both have a standard to judge performance by."

Selling, as an art, must be learned. Once mastered, its practitioners must be managed to continually improve their craft.

The successful sales rep

The Xerox study pointed to the average successful sales call where the sales rep:

- conducted a 33 minute long meeting
- asked 13.6 questions
- described 7.7 products and/or features
- touted 6.4 product benefits
- answered 7.7 questions
- answered 2.2 specific customer needs
- responded to one objection.

The Greatest Collection Tool Ever Invented - The Telephone

AT&T is right. They always said that your telephone can save you money. When you are in the telephone business, you have to say things like that; but when it comes to getting those overdue accounts to pay-up, AT&T speaks the truth.

Collection calls that are not well planned may not pay-off. Slow-paying customers must be handled in a way that will bring in their payments while retaining them as customers. What's more, you may be able to build the supplier-customer relationship and improve sales at the same time.

You have to be ready for a customer's problems. Ad-libbing a collection call, AT&T says, may bring responses such as *"Oh, I didn't realize we were behind. I'll have a check sent today."* or *"Didn't you get our check?"* or *"Sorry, it will be impossible to pay you this month. Business has been off. But I'll do something about it next month."*

It's a good bet that the check isn't in the mail and won't be. Then, what should you do? The answer involves doing your homework. But, where do you begin to make your telephone pay off?

Before you call

Before anyone in your company picks up the telephone to call a customer about a bill, be sure of the facts. Have the records.

According to an AT&T article which appeared in *Construction Equipment Distribution* magazine, pre-call planning should take into consideration the following seven areas:

1. Is your company at fault? Were shipments made? Were the returns not credited? Have late payments been noted?

2. Were there previous collection efforts? Letters? Personal visits? When? What results?

3. What is the customer's payment history? How often are payments overdue? Is the problem seasonal?

4. Who is the right person to talk with? Talk to the person responsible for paying that bill.

5. Determine a payment plan. Design a tentative schedule of payments that will bring the overdue accounts up-to-date in a reasonable time.

6. Prepare an opening statement. The credit person will be doing all the talking during the first 15-20 seconds. The opening should be pleasant, confident, relaxed, but should leave no doubt about the seriousness of the matter.

7. Perpare fact-finding questions. Make them open-ended. Let the customer provide detail to help illuminate the situation.

The collection call

After preparing as described above, the phone call is placed. Remember, the object is to obtain the payment and retain the customer's good will.

The following steps, taken in order, should help you be successful:

1. Be sure you have the right person on the telephone. Talk to him by name. Don't rush the opening. Make a good impression.

2. Give the reason for calling. State the situation simply and clearly.

3. Make a strategic pause. This shifts the conversational burden to the customer. Make the customer explain.

4. Ask fact-finding questions. These will prompt detailed responses. Answers here will give the caller a sense of the customer's ability to pay and possible payment schedules.

5. Bridge to a payment plan. Focus should shift to how the account can be brought up-to-date. You are usually not asking for full and immediate payment, and this will give the customer confidence.

6. Prepare the payment plan. Set specific payments and time periods. Try to be flexible and considerate.

7. Overcome objections. Most objections are postponements or reasons why the customer cannot agree to terms now. Try to work out solutions that suit all.

8. Close the call. Summarize the details of the plan and thank the customer.

Follow-up

You may feel great after the call, but you cannot take that to the bank. Follow-up. Here's a system:

1. Record notes. During the call, the payment schedule must be recorded and verified with the customer.

2. Update records. Keep account records clear and current which will help with future calls.

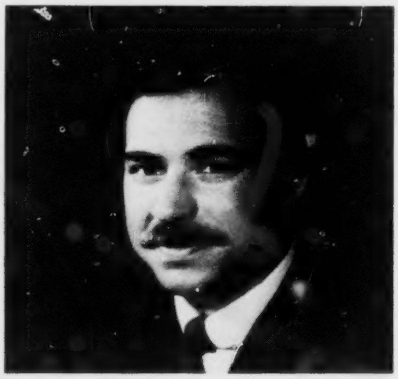
3. Take action. If payments do not arrive on schedule (or within a few days), make another call. DO NOT IGNORE THE OVERDUE PAYMENT OR IT MAY TURN INTO A BAD DEBT.

Being a good collector breeds customer confidence. Your credit and collections policies tell much about your company. So, plan, execute, and follow through and reduce the size of the bad debt write-off.

NPTA enlarges staff and brings aboard new directors

The Director of Marketing Membership Services is a new position for the NPTA headquarters staff. Appointed to the post in December is a veteran association manager: Richard J. Lerman. Filling the vacant position of Director of Research is John LaRosa.

Mr. Lerman comes to NPTA from The National Association of Tobacco Distributors (NATD) where he held various positions for seven years. Prior to joining NATD, Mr. Lerman was publisher of a local weekly magazine. His other previous experiences include working with the American Institute of Physics (an association of scientists and professors), and he held positions with other advertising, public and trade relations firms.



Richard J. Lerman

Mr. Lerman joined NATD in 1977 as art and advertising director, and in 1978 was appointed to the staff position of Executive Secretary of the Young Executives Division of the Association. In 1980, he was elected to the position of Secretary of the Division, a post previously held only by members.

A year later, Mr. Lerman was elected to the additional position of Executive Secretary of the NATD Executive Management Division (composed of all members over the age of 40), and received the CCEM (Certified Convention and Exhibition Manager) certificate from the American Society of Association Executives.

In 1982, Mr. Lerman was presented the "Outstanding Young Executive" Award by Philip Morris U.S.A. He was the first non-distributor to receive the company's award for outstanding contribution to the Association's young executive's work.

"Rich has an excellent breadth of experience in providing association services," stated John J. Buckley, Jr. NPTA President. "He will be able to draw upon his experiences to help NPTA improve its service package and to market that service package to those merchant firms who are not yet members of NPTA."

Mr. Lerman received his Bachelor's degree in Advertising from the C.W. Post College and has completed graduate work in advertising at New York University.

John S. LaRosa, NPTA's new Director of Research, comes to NPTA with seven years of experience in marketing research, international marketing and marketing management. Prior to joining NPTA in November, he worked with three New York corporations: a market research report publisher, a high-technology filter manufacturer, and a laboratory instruments distributor.

Mr. LaRosa performed market research, coordinated direct mail programs, administered sales incentive plans, and developed sales marketing mail lists and computer databases for Brinkmann Instruments (Sybron Corp.) from 1981-83. From 1979-81, he also assisted the vice president of international marketing at the Pall Corp. to locate and evaluate new stocking distributors in the Far East. He was also involved in the development of sales action plans targeted at potential end-users.

His other experience includes customized management consulting projects in various consumer and industrial goods markets. Mr. LaRosa is a published author of over 40 economic-marketing-financial industry reports analyzing such sectors as: heavy machinery, steel, electronic components, sporting goods, others.

John S. LaRosa

Mr. Buckley said that "John's research background and industry analysis will help NPTA focus its statistical services. Members want more information from the Association in the financial, economic, and marketing areas and John is already working aggressively to provide this information."

John LaRosa has a Bachelor's degree in Education from the State University of New York and an M.B.A. in Marketing from Hofstra University, New York.

Mr. Buckley went on to say that the new additions to the staff gives all NPTA managers a "marketing focus." The services that the Association provides "do no good sitting on a shelf," Mr. Buckley said. "Good programs start with an awareness of member needs. Then, the Association programs which are put in place must come to the members' attention before they can be used.

"We are all in the 'marketing' business, and I think we have built a team that will not only help create new products and services," said Mr. Buckley, "but will successfully market those products and services to those who will be best served by them — the members."

MANAGEMENT INFORMATION

Recent trends in merchant sales and inventory

According to the U.S. Department of Commerce, total sales by paper and paper products merchant wholesalers for the 10-month period January-October were up 7.3% in 1983. This is lower than the average sales gains of 11.1% for all non-durable goods and 14.1% for total merchant wholesaler trade.

By comparison, NPTA-calculated sales per selling day for this 10-month period were up 5.6% for industrial paper (vs. the Bureau of Labor Statistics - BLS - producer price index increase of 0.3%), and 10.3% for printing paper (vs. BLS increase of 2.5%).

The value of inventories as of October 1983 was 13.6% higher than the prior year. Consequently, the sales/inventory ratio fell significantly from 12.65 to 9.21 in 1983, a positive sign that merchants are "running leaner" and not allowing inventory build-ups to occur.

Nearly 98% of total sales of paper and paper products by wholesalers in

Selected Sales, Inventory, and Tax Statistics of Paper and Paper Products Merchant Wholesalers 1981-83 Trends

(SIC 511)

Estimated Sales, Inventories, Sales/Inventory Ratios of Paper and Paper Products Merchant Wholesalers

Sales ($ Millions)				Inventories ($ Millions)				Sales/Inventory Ratio		
1981	1982	1983	Percent Change[1]	1981	1982	1983	Percent Change[2]	1981	1982	1983
23,603	23,979	20,345[1]	+7.3[1]	1,971	1,895	2,209[2]	+13.6[2]	11.98	12.65	9.21[1]

[1] Cumulative 10-month total, through Oct. 1983. Percent change based on change over 10-month total for 1982.

[2] Value of inventories as of Oct. 1983. Percent change is a comparison of 1983 October value to 1982 October value.

Estimated Sales and Inventories of Merchant Wholesalers by Legal Form of Ownership: 1982

		Percent of Total		
Sales	Total Sales ($ Million)	Individual Proprietorships	Partnerships	Corporations
All Merchant Wholesalers:	1,137,175	1.7	1.4	90.5
Non-durable goods:	670,068	1.7	1.7	86.4
Paper and Paper Products:	23,979	0.5	0.7	97.6
Inventories (End-of-year)				
All Merchant Wholesalers:	116,765	1.7	1.3	92.0
Non-durable goods:	11,132	1.0	1.6	85.0
Paper and Paper Products:	1,895	0.8	0.7	97.3

Note: Total percentage may not add to 100.0%. Other forms of ownership are not shown, including cooperative associations, governments, etc.

Methods of Inventory Valuation Used: 1982

(Percent of Estimated Inventory)

	Cost Method					Market Method	
	FIFO	LIFO	Average[1]	Specific[2]	Other	Market Method Always Used[3]	Market Lower Than Cost[4]
All Merchant Wholesalers:	29.5	27.1	12.1	18.7	0.7	9.1	2.9
Non-durable goods:	31.8	26.4	9.9	13.9	0.5	15.3	2.1
Paper and Paper Products:	38.9	27.1	9.4	13.1	0.0	5.9	5.6

[1] Method of accounting that divides total cost of goods available for sale by number of units available for sale.

[2] Method of accounting that determines cost of inventory by specific purchases.

[3] Method of accounting that values inventory at current prevailing market cost.

[4] Method of accounting that values inventory at market price if market value is lower than cost. For inventories with cost values less than market value, cost method is used.

SOURCE: Monthly and annual editions of Current Business Reports - Monthly Wholesale Trade, U.S. Dept. of Commerce.

1982 were accounted for by corporations. Sole proprietorships and partnerships together comprised little more than 1% of sales volume. This percentage is even higher than the average in "total non-durable goods" (86%) and "all merchant wholesalers" (90.5%). The same is true of end-of-year inventories' value - 97% for paper products versus 85% and 92%, respectively.

As for methods of inventory valuation, paper merchants predominantly use the FIFO method - nearly 39% of estimated 1982 inventories were valued this way, much higher than the 29% figure for all merchant wholesalers.

LIFO is the next most popular method at 27%. By comparison, the 1983 survey of industry performance determined that 41% of dual merchants used LIFO, 37% for industrial paper merchants and 36% for printing paper (median figure of return on total assets - ROTA groups).

This LIFO percentage will probably continue to rise as more merchants realize the advantages inherent in this method - namely, reduced book profits and taxes, resulting in increased cash flow.

CHAIRMAN'S CORNER

LIONEL ELTIS
NPTA's Chairman of the Board

Sales Compensation

When two or more paper merchants get together to talk, they will invariably end up discussing sales compensation. There is a very good reason for this — the cost of selling is the largest single expense item that they have.

In my opinion, a compensation plan for outside salespeople must motivate, must reward for performance, must be fair to the salesperson and fair to the house. Historically, most merchants have compensated their salespeople with a percentage of the gross profit. There is no standard as some merchants pay different rates for city sales and out-of-town sales, and most have some type of add-on to cost.

Using a percentage of gross trading margin as the basis for remuneration is probably the easiest for everyone to understand. The trend in other wholesale operations seems to be getting away from straight commission and adopting some type of commission plus fixed salary plan.

Basically it is difficult for the merchant to control his salesforce and direct them about where, how, and what to sell when he pays them only on a straight commission basis.

There are some very innovative ideas in sales compensation. Probably one of the most unique is a plan that varies the rate of commission paid on the gross profit, based on the size of the order and the percentage of gross profit generated. A large volume order, carrying 25-40 percent gross trading margin could reward the salesperson with almost double the commission rate of a small order with a low gross trading margin.

We all know what is best for us and we have attended seminars and had convention sessions on this subject. We need to investigate this because our marketplace and products are changing.

One caution: If you decide to make a change in your compensation program, you should do your homework. Be sure you are correct and keep your salesforce informed of progress in developing the plan. Sell them on the benefits of the plan before it is implemented. Nothing can destroy morale more than changing a compensation plan without discussing it with the sales force in advance.

CALENDAR OF EVENTS

February

8. 80th Anniversary Banquet of the Paper Trade Association of Philadelphia held at the Philadelphia Airport Hilton Inn. Contact PTA at 215-564-3484.

9-10. Productive Marketing Management For Paper Wholesalers. An operationally efficient and effective approach to recapturing profitable sales growth. St. Louis, MO. Contact NPTA.

March

3. Garden State Paper Trade Association 25th Anniversary dinner dance, Aspen Manor, Parsippany, NJ. Contact Paul Hirsch at 201-823-1100.

11-14. *Paper Week.* API Conference in NYC. Contact API at 212-340-0600.

22-24. Southwestern Paper Merchants Association meetings. Contact Banks Miller at 512-452-4571.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

The Manager's Notebook

Decoding letters of reference

The choice of words and phrases makes a difference. When you read a letter of reference, do you know what the writer is **really** *saying about the candidate? Often, his words disguise some hidden truths. Personnel consultant F. James Brennan, writing in the* Personnel Journal *as appeared in* Associated Trends, *pointed to a number of interesting examples:*

Code Words	**Translation**
"Careful thinker"	*Won't make a decision*
"Strong principles"	*Stubborn*
"Spends extra hours on the job"	*Miserable home life*
"Average employee"	*Not too bright*
"Active socially"	*Drinks too much*
"Zealous attitude"	*Opinionated*
"Takes pride in his work"	*Conceited*
"Uses logic on hard problems"	*Finds another to do the job*
"Forceful"	*Argumentative*
"Conscientious"	*Scared*
"Meticulous attention to detail"	*Nitpicker*
"Of great value to the organization"	*Gets to work on time*
"Has leadership qualities"	*Is tall or has a loud voice*

Top business leaders have traits in common

1. *A compelling vision*
2. *Ability to communicate this vision*
3. *Consistency: They stay on course*
4. *Positive self-regard: They know their worth*
5. *The ability not to dwell on failure, but to move on and live in the present.*

How managers say what they mean

Managers convey meaning not just by what is said, but by how they say it. Steven Vogler, the originator of "powerspeak," says that people can convey authority by their choice of words.

For example, even factual statements such as "four or five books" shows that the speaker is indecisive. Rather, one should confirm the certainty of the facts and say "five books."

How many times has one said, "I'm probably wrong, but..." Or, "I'll try," instead of "I will." Vogler also says to avoid pauses filled with "um" or "uh." These fillers show the one talking to be unprepared and vulnerable.

Do you have intrepreneurs working for you?

No, that's not a misprint. Intrepreneur *is a new word used to describe the freedom some employees have to function as free market entrepreneurs within the corporation (within limits, of course). The purpose is to motivate those managers to out perform the standards.*

Have you ever heard of "employee discretionary time"? Another new concept. After your employees finish the tasks they are expected to complete, how do they spend company time? That time can be channeled into new projects, or intrepreneurial efforts. (The big assumption in this concept is that people have time to spare!)

PAPER MERCHANT SALES REPORT

DECEMBER, 1983

	NPTA REGIONS	SALES PER SELLING DAY DECEMBER 1983 -COMPARED TO- DECEMBER 1982	SALES PER SELLING DAY DECEMBER 1983 -COMPARED TO- NOVEMBER 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE -COMPARED TO- 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF DECEMBER		CALENDAR DAYS' COST* OF ENDING NOVEMBER INVENTORY	
					1982	1983	1982	1983
INDUSTRIAL	1	+ 8.4%	+ 1.7%	+ 5.2%	42	43	53	--
	2	+15.3%	- 1.6%	+ 4.2%	33	36	40	51
	3	+11.6%	- 4.7%	+ 8.9%	33	35	64	59
	4	+22.0%	- 6.7%	+11.4%	32	36	59	56
	5	+ 8.9%	+ 1.0%	+ 2.4%	32	31	70	63
	6	+ 9.9%	- 4.4%	N/A	38	N/A	55	--
	7	+ 5.0%	+ 4.8%	+ 1.0%	36	36	60	--
	NY METRO	+17.6%	- 0.6%	+10.2%	47	47	--	--
	CHICAGO METRO	+19.5%	- 1.8%	+12.2%	44	50	55	--
	LA METRO	+25.1%	+ 9.2%	+ 7.3%	46	54	54	--
	US	+14.1%	- 1.6%	+ 6.2%	36	39	58	58
PRINTING	1	+22.3%	-13.5%	+16.4%	50	51	55	--
	2	+34.6%	- 1.4%	+13.0%	45	44	67	62
	3	+29.1%	- 4.2%	+16.2%	45	44	84	76
	4	+31.9%	+ 2.1%	+12.1%	44	46	76	74
	5	+43.4%	+ 2.1%	+15.1%	44	44	78	90
	6	+13.5%	+ 0.7%	N/A	42	N/A	68	--
	7	+19.1%	+ 9.5%	+ 3.3%	41	44	77	85
	NY METRO	+38.4%	+ 3.5%	+15.6%	43	44	68	--
	CHICAGO METRO	+33.4%	- 0.4%	+14.9%	45	45	68	--
	LA METRO	+56.7%	+11.9%	+19.3%	40	33	7[illegible]	81
	US	+34.6%	+ 1.7%	+12.6%	44	44	73	78

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC; TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

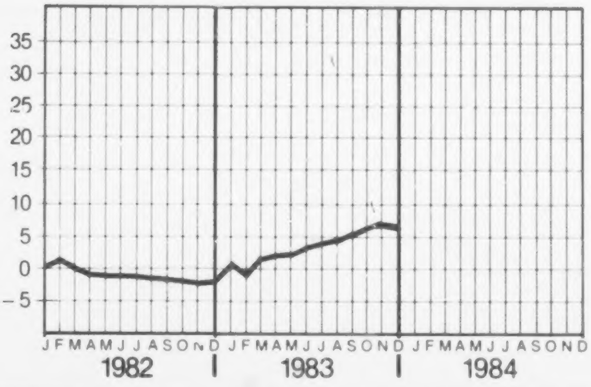
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

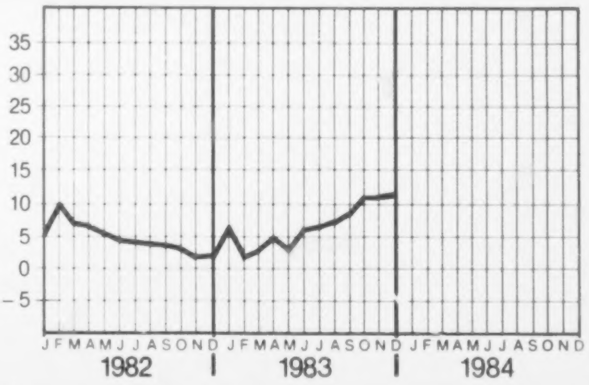
Paper Merchant Sales Report

Summary National Trend Information: 1982 to present

SALES INFORMATION:

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.


INDUSTRIAL PAPER SALES NATIONALLY


PRINTING PAPER SALES NATIONALLY

RECEIVABLES INFORMATION:

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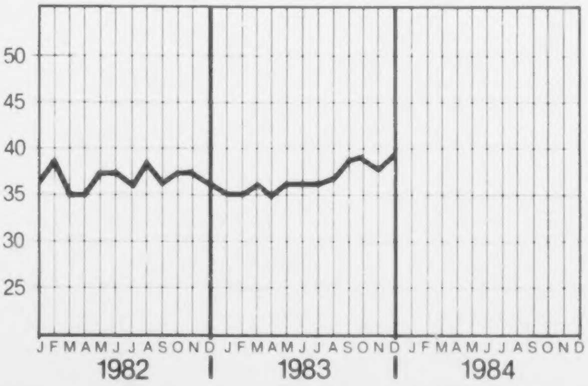
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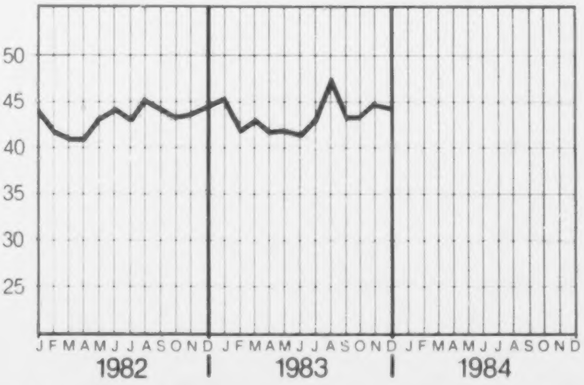
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INVENTORY INFORMATION:

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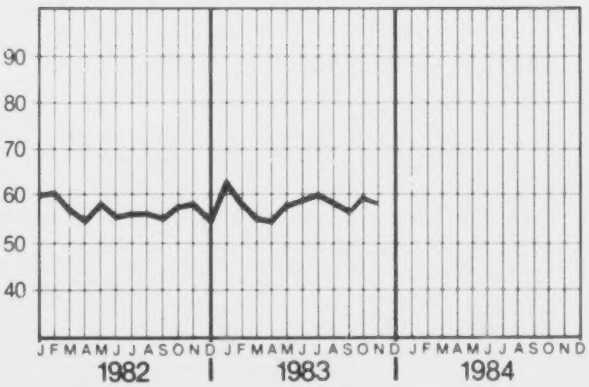
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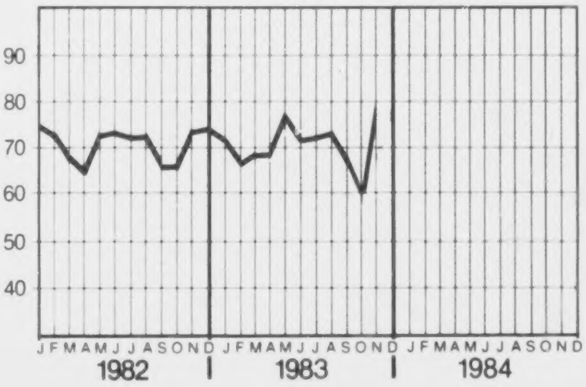

PRINTING PAPER INVENTORY NATIONALLY

WASHINGTON WATCH

Effective Tax Rates - Paper Industry and Wholesalers Are Among The Top Payers

Average Pegged at 16 Percent — Paper Industry and Wholesalers Pay 36.1 Percent

The portion of the overall U.S. tax burden borne by corporations continued to decline in 1982, while significant disparities remained between the effective tax rates for different industry groups, according to a study prepared by the Joint Committee on Taxation and the General Accounting Office (GAO).

According to the study, which was requested by House Ways and Means Committee members Donald J. Pease, D-Ohio, and Byron L. Dorgan, D-N.D., the corporate share of the U.S. tax burden fell from 11.5 percent in 1981 to 8.1 percent in 1982. In 1950, the corporate share was 28.3 percent of the overall tax burden.

The study also found that major disparities remain between industry groups, with sectors such as chemicals, insurance, financial institutions, and aerospace subject to negative tax rates, and other groups such as rubber, trucking, tobacco, paper and wood, and wholesalers paying more than 35 percent each.

Another major finding of the study was that U.S. corporations pay much lower taxes on their U.S. source income than they do on their foreign-earned income. According to the study, the average tax rate for U.S.-source income was 16.1 percent—in contrast to 55 percent for foreign-earned income and 29.6 percent on worldwide income.

Set forth below is an excerpt from a Pease-Dorgan press release summarizing the findings of the corporate tax study. The full texts of the press release and the Pease-Dorgan study have been placed in the November 21, 1983 *Tax Notes Microfiche Data Base* as *Docs 83-1114* and *Doc 83-11145* (37 pages), respectively.

Excerpt from press release

The Pease-Dorgan study of the effective tax rates of U.S. corporations reveals that:

- Corporate income tax receipts, as a percentage of total federal receipts, dropped from 28.3 percent in 1950 to 11.5 percent in 1981 and fell again to 8.1 percent in 1982. At the same time, personal income taxes, as a percentage of total federal receipts, climbed from 39.2 percent in 1950 to 47.5 percent in 1981 and rose again to 49 percent in 1982;
- Seven out of 29 industry sectors studied had effective tax rates of less than 10 percent in 1982;
- U.S. corporations paid an average of 16.1 percent U.S. taxes on their U.S. income in comparison with 55 percent on their foreign-earned income and 29.6 percent on their worldwide income;
- In 1982, U.S. income tax rates on U.S. income by industry varied between a high of 39 percent and a low of minus 17.7 percent;
- The lowest effective tax rates by industry sector were in chemicals (-17.7 percent); insurance (-6.3 percent); financial institutions (-3.8 percent); aerospace (-0.6 percent); telecommunications (1.6 percent); railroads (4.1 percent); and broadcasting (8.9 percent); and
- **The highest effective tax rates by industry sector were in rubber (39 percent); trucking (36.9 percent); tobacco (36.3 percent); paper and wood (36.1 percent); and wholesalers (36.1 percent).**

Pease said that the conclusions of this year's study, which classifies 213 large corporate taxpayers studied into 29 industry sectors, have been combined with the conclusions of studies from two previous years and reflect a three-year trend.

NAW Staff Member Joins White House

John H. Fitch, Jr., vice president of government relations at the National Association of Wholesaler-Distributors, has left the association to join the White House staff. He has become the deputy to the Special Assistant to the President for Private Sector Initiatives. He will report to Jim Coyne at the White House.

Postal Rate Increase in 1984

In an announcement that surprised many, the U.S. Postal Service announced that due to a deficit in the last fiscal quarter and projected deficits through 1984, it would seek a rate increase. This would drive the cost of a first class stamp from 20 cents to 23 cents per ounce.

During the past two years, the Postal Service had boasted of a surplus but warned in announcements that the good times were temporary. Not to be dismissed in this equation is the fact that the Postal Service must face their unions again next summer to renegotiate the wage package.

A new management resource for wholesalers is now available through NPTA

The first comprehensive bibliography on wholesale-distribution is now available from NPTA: **The DREF Database**. It is a softcover book of over 500 pages containing thousands of business management entries. Each listing is accessible by "key" words and summarizes a book or article on the topic of your choice.

Because this is a database of information, it is constantly up-dated. Every six months a supplement is published and mailed to Database subscribers.

Keywords

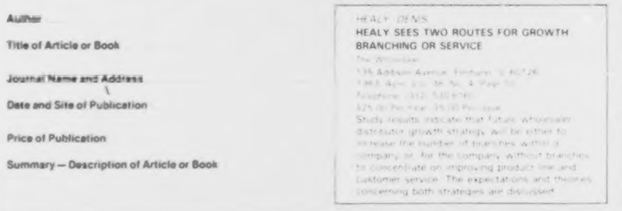
A Keyword Index guides you right to the source of information you need. There, a single paragraph tells you the major theme of the article or book, and summarizes its major points. To use the DREF Database, you need not know the names of any books or authors in advance. All you do is scan the list of Keywords to find the topic(s) you want to explore. The Database guides you automatically from there!

With the Database you will be able to:

- Scan hundreds of case histories drawn directly from wholesale distribution.
- Receive management advice written by industry experts—company executives, outside consultants and journalists.
- Research subjects more thoroughly, leading to better management decision-making.
- Do quick "look-ups," saving enormous amounts of time keeping up with industry developments and making you more productive.
- Identify new areas of potential interest to you and your organization.
- Evaluate new and different techniques for managing your business by reading how others have done so.
- Be more comprehensive in your reading and research via exposure to information you might not otherwise see.
- Obtain information others may not have access to, helping you to maintain your "edge."

The DREF Database is available from the NPTA Communications Department at an annual subscription rate of $145.

The DREF Database Helps You Locate The Management Information You Need in This Standard, Easy-To-Use Format.



Positions Wanted

Resumes available on request from the NPTA Communications Department.

1. Sales manager product manager of industrial paper products seeks industry position. 15 years of experience covering distribution in 15 midwestern states, solid experience developing accounts.

2. Marketing manager seeks position as branch, sales or marketing manager. Spent 20 years with large manufacturer and then four years as marketing manager with a mid-west paper distributor.

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NPTA MANAGEMENT NEWS

March, 1983

Highlights

Allan & Gray joins NPTA

The Allan & Gray Corporation, a New York printing paper merchant, has joined NPTA. All wish them much success in 1984. (P. 2)

Marketing program sells milk in cartons

The Paperboard Packaging Council's efforts have increased the sale of milk in cartons. The results of the advertising campaign are worth noting. (P. 5)

Paper towels vs. the competition

In an exclusive article written for *Management News*, Scott Paper discusses how paper towels stand-up to competition by air dryers. This is part one of a two part series. (P. 6)

Paper merchant strategies

This is a new feature for *Management News*. Distributors are encouraged to send in material about how their companies are working to move ahead in the 80s. Three member firms report. (P. 9)

Inventory shock

What do you do when you cannot get what you need? Or, a valued customer buys out all of your stock on a particular item? Noted author Gordon Graham tells you how to "shock" your inventory. (P. 10)

Federal spending on social programs

The National Association of Wholesaler-Distributors (NAW) recently reported a comparison of government spending in this area for 1982 and 1983 (P. 15)

1984 Convention theme set

NPTA has adopted the phrase "Strive for Excellence" to be the banner for Convention '84. Plans are now in the works for an exciting Convention in Chicago. (P. 16)

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Route To:

NATIONAL PAPER TRADE ASSOCIATION, inc.

NEWS OF PAPER TRADE ACTIVITIES

Allan & Gray joins NPTA

Congratulations to the Allan & Gray Corporation, printing paper merchants located at 111 Eighth Avenue, New York, NY. They have just become members of the Association, and all members, directors and staff wish them much success in 1984.

A&G

The company was founded in 1906 and was purchased by the present owner, Elwyn Lieberman, in 1959. Allan & Gray does most of its printing paper business through mill-direct shipments, thus operates only a small warehouse in mid-town Manhattan.

Mr. Lieberman is a well-known paper merchant in the New York metropolitan area and all welcome him aboard.

Mead sets-up scholarship fund

To commemorate its 150-year history, the Central Area of Mead Merchants has created a scholarship endowment fund at Miami University, Oxford, OH.

George Jewett, president of Meads' Central Area said one $750 scholarship is to be awarded annually on a merit basis to a first-year student. "As the fund grows, more than one scholarship will be possible," Jewitt said. Any son or daughter of an employee may apply.

People In The News

James H. Lyngholm, vice president and Minn/Dak regional manager for Leslie Paper, has been named to the additional position of senior vice president and assumes the corporate responsibility for operations. **Barry S. Smith** was named assistant regional manager of the Minn/Dak area. **R. Owen Perry** was appointed sales and marketing manager for the company's Milwaukee, WI operation. And, **James H. Jahnke** was named to the new post of corporate purchasing manager.

Leon Kaplan, vice president and general manager of the Kaplan Paper Company, Seattle, WA, has been awarded the honor of "Printer of the Year for 1983" by the Washington/Alaska Printing Industries Association.

David Goodman has been elected to the position of executive vice president of Knox and Schneider, Inc. of Chicago, IL.

Martha Gill has joined Ris Paper, Garden City, NY, as sales promotion manager. She will work out of the division headquarters in Woburn, MA.

Nancy J. Sanders has joined Mead Merchants—division head office as manager of marketing information. **E. Michael Bell** has been promoted to senior accountant at the division headquarters.

Andrew N. Wilson has been named vice president of S. Walter Packaging in Philadelphia, PA.

Bryan A. Black was appointed assistant branch manager in Columbia, SC for the Virginia Paper Company. **William J. Ready** was named assistant branch manager for the Miami, FL operation.

Edward V. Dengler, a manager with the Carpenter Paper Company, passed away. He had been with the company for 35 years.

Michael J. Bennett, manager of marketing research and analysis at Appleton Papers, has been appointed director of planning. **Dale H. Schumaker**, formerly vice president of manufacturing for the company, has become senior vice president of manufacturing. **John W. Turner**, who was vice president of marketing, has been named senior vice president of marketing for Appleton Papers.

Arthur Cohen has been named president and CEO of the Ludlow Corp. succeeding L. Dennis Kozlowski

G. Web Ross was elected president of Publishers Paper.

Margaret M. Atwell has been named vice president, sales manager, converted products for Gilman Paper.

Richard M. Smith was promoted to the position of vice president, quality for the International Paper Company. Previously, he was manager manufacturing for the pulp and paper group.

Robert E. Flowerree, chairman of the board of Georgia-Pacific announced that he will be retiring. **T. Marshall Hahn, Jr.**, president and chief executive officer of the company, was elected to the additional office of chairman.

AT&T prospectus was gigantic print job

With the American Telephone & Telegraph's divestiture came one enormous print job—the prospectus to the shareholders explaining the breakup. Getting the word out about AT&T was a task they will long remember.

R.R. Donnelley & Sons Co. contracted to print the 267-page report and called it "the largest financial print job in history." The document had to be sent to the 2.9 million names on AT&T's mailing list.

The job involved nearly four million pounds of paper shipped into the Donnelley plant on 98 trucks. They figured that, layed end-to-end, the printed pages would circle the earth 3.4 times.

This would normally require 72,190 mail sacks, but to help out the post office, Donnelley used a computer to sort the documents. Almost 2,000 palletloads of printed materials were sent to postal distribution points around the country. The entire project was completed in two weeks.

Wage increases at mills lower in 1983

First year industry-wide wage increases for labor agreements negotiated in all of 1983 stood at 5.6 percent or 59 cents per hour for 148 reporting mills. According to the American Paper Institute, their survey covered 69,229 employees.

This compares with a 6.9 percent or 68 cents per hour increase in 1982 at 104 mills covering 43,159 workers.

Scott Paper establishes new profit center

According to the *Gallagher Report*, Scott Paper is developing an "entrepreneurial" profit center around the do-it-yourself market. Products include: Disposable "industrial strength" Wypall™ cleaning cloths, pre-moistened Wypet™ hand/face towel, and Wypshield™ windshield towel in a dispenser.

The new operation is based in Bryn Mawr, PA, away from the Philadelphia headquarters. Philip Lippincott, president of Scott, has named Larry Borger and Bill Coffey as "partners" in the new venture. They will be able to make decisions independently of Scott top management.

Alco Standard to buy Saxon Industries

Saxon Industries Inc. announced that its Creditors Committee agreed to recommend acceptance of a proposal made by the Alco Standard Corporation to acquire Saxon in connection with a plan of reorganization for Saxon.

The ultimate plan of reorganization is subject to certification of certain conditions and the approval of the U.S. Bankruptcy Court. Saxon's Board of Directors has already approved the plan.

A Saxon representative said that it is not possible to determine distribution to creditors and shareholders until the total amount of claims is determined and a final plan is made.

Saxon, a major distributor and converter of paper and paper-related products, has been reorganizing under the provision of Chapter 11 of the U.S. Bankruptcy Code since filing its partition on April 15, 1982.

The Alco Standard Corporation is a broadly diversified New York Stock Exchange listed company, which owns Unisource, Inc., and has operations in the areas of distribution and manufacturing. Alco Standard reported revenues of almost 2.8 billion dollars and net income from continuing operations in excess of 57 million dollars for the fiscal year ended September 30, 1983.

Distributors reporting improved fourth quarter and annual sales and profits

Jim Walter reports quarter was ahead

The Jim Walter Corporation posted its first quarter (ending November 30, 1983) sales at $535.8 million—up 5.9 percent from the previous year's level of $506.1 million. Net income was set at $22.4 million reflecting a 27.8 percent increase from a year earlier.

Jim Walter is a diversified company and the sales and earnings reported above do not necessarily reflect the activities of their paper operation. The Corporation's fiscal year, which ended August 31, 1983, showed the paper group to have had sales of $219.3 million up 2.8 percent from a year earlier. Operating income was reported to be down to $5.87 million from $7.61 million the year before.

Alco Standard reports increase from Unisource family of companies

Alco Standard's annual report showed revenues for their Paper and Communication Products group to have risen 9.6 percent to $1.153 billion from the 1982 level of $1.052 billion. Income before taxes for 1983 was $47.6 million—an increase of 21.7 percent over the $39.1 million reported in 1982. (These figures also reflect the activities of the Alco Office Products operation.)

Century Papers shows improvement last quarter

Although net earnings for Century Papers in Houston, TX were lower for the nine months ending December 31, 1983, their quarter showed a healthy increase. The three month period ending December 31 placed earnings at $314,000, up 27.6 percent from the $246,000 reported for the same period the year before.

The quarterly earnings figures were on sales of $19.7 million compared with $17.5 million for the previous year's period.

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MERCHANT BRIEFINGS

PRINTING PAPER

New printing foundation formed by three leading organizations

The Graphic Arts Education and Research Foundation was formed by three leading groups to provide financial support to projects in the printing field. The National Association of Printers and Lithographers (NAPL), Printing Industries of America (PIA) and the National Printing Equipment and Supply Association (NPES) formulated the new organization during the last Graph Expo.

The financial aid being made available results from surpluses generated by the trade shows managed by the Graphic Arts Show Company (a joint venture of these groups) which includes the Graph Expo shows and Print 85. Although money will come through the new foundation, each sponsoring organization will continue its own research and education activities.

Programs to be supported by the foundation will include: research projects, training, seminars, and other programs in the graphic arts. Applications for funding may be obtained from the Graphic Arts Education and Research Foundation, 6849 Old Dominion Drive, Suite 200, McLean, VA 22101.

Public printer Sawyer quits to return to private industry

Danford L. Sawyer, Jr. has left his Government Printing Office job to return to private industry. According to Printing Industries of America, it had been no secret that he wanted to leave.

Sawyer had been seeking the position of administrator of the General Services Administration, but delays in the appointment process caused him to look outside the government.

Sawyer's career has certainly been one of the most exciting of recent Public Printers. The major actions taken by or promoted by Sawyer during his tenure include the reorganization of the printing procurement section at GPO to create an Assistant Public Printer for Procurement, the reorganization and financial improvement of the Superintendent of Documents section from a major money loser in recent years to a potential money making operation, bringing a measure of fiscal responsibility throughout GPO's operations which will make it difficult for any successor to be less than aggressive.

The printing industry rebound impacts demand for paper

It wasn't until mid-1983 that the printing industry showed signs of recovery. And the projections for 1984 are definitely positive.

The growth rate for all of last year's printing activity averaged over three percent; and it was that high only because of the rebound in the second half of the year. In the fall of 1983, Graph Expo participants were very enthusiastic about the upswing. The mood continued into 1984.

Michael G. Coulson, writing in the January issue of the *Tappi Journal*, said that there has been significant growth in color printing, and with it, the greater use of new technology.

The demand for coated paper has risen sharply. Coulson stated that "if the printing industry's growth rate in 1984 lives up to the optimistic expectations, that a tight supply situation on coated papers could last well into the year."

Purchasing managers see strong demand for printing paper grades

The National Association of Purchasing Management's February "Commodity Reports" on paper stated that mill operating levels were up, and that more aggressive selling policies would become more evident in 1984.

Coated papers

NAPM reported that No. 4 and No. 5 publication grades were showing strong demand and filling some requirements were difficult. Overseas paper began to look more attractive. Coated groundwood publication grade saw a nine percent increase January first. The demand for sheetfed and roll coated offset grades remained firm.

Marketing program stimulates sale of milk in paperboard cartons

A program being conducted by the Paperboard Packaging Council's Milk Packaging Group has stimulated the sale of milk in paperboard cartons in selected marketing areas throughout the country.

The program, designed to promote the advantages of the paperboard milk carton in preserving both the nutritional value and the flavor of milk, has significantly increased paperboard's share of the milk packaging market in more than 10 major marketing areas.

In a series of markets, including Seattle, Boston, Norfolk, Sioux Falls, Charlotte, Charleston, San Diego, and Providence market share shifts from plastic jugs to paperboard milk cartons have averaged 28%—rising from an average market share of 29% to an average share of 57%.

The advertising and public relations campaign, funded by the Council's members who manufacture milk cartons, is based on more than 50 scientific studies by independent researchers. The studies show significant losses of Vitamins A and B_2 (riboflavin) when milk in plastic jugs is exposed to the fluorescent lighting typically found in supermarkets. Paperboard, on the other hand, blocks out more than 97% of the light and more effectively protects milk from vitamin loss.

The nutrition message is presented to consumers through a 4 week series of TV commercials, newspaper advertisements, and radio spots. The campaign is bolstered by the introduction of the Gallon 2-Pak, two half-gallon cartons held together by a sturdy paperboard handle.

How large are the markets for janitorial supplies and food service disposables?

The size of these markets is often called into question by merchants who are seeking market share data. Although the Census Bureau does not provide regional breakdowns for these commodity types, it is interesting to note the size of the janitorial supplies and food service disposables distribution.

According to the International Sanitary Supply Association and the Single Service Institute, janitorial supplies is estimated to be worth between $6.2 and 7 billion. Included here are cleaning chemicals and equipment, paper towels, and toilet tissue.

Hand towels are estimated to be 16 percent of the total (or approximately $1 billion) and toilet tissue accounts for five percent (or $330 million). These figures are in terms of distributor purchase cost.

Interestingly, industrial paper distributors participating in the last NPTA-sponsored Performance Analysis Report (PAR) said that janitorial supplies and equipment represented 7.86 percent of their total sales. And, it is 4.31 percent of the dual's sale of industrial paper products.

Food service disposables which includes cups, plates and bowls represent a $600 million consumer market and a $1.2 billion commercial and institutional market. Tubs, lids, yogurt containers and other miscellaneous items account for another $1 billion. The total market size is estimated to be approximately $2.25 billion.

The PAR Report showed that food service disposables made up 13.13 percent of industrial distributor sales, and 10.62 percent of the dual's sale of industrial paper products.

Industrial Paper Price Trends By Commodity Type 1983

Commodity	Percent Change in BLS Price Index, 12/82 - 12/83
Total packaging and industrial converting paper	1.6
Wrapping paper, except unbleached kraft	1.2 (12/82 - 11/83)
Shipping sack paper, unbleached kraft	7.9 (12/82 - 11/83)
Shipping sack paper, except unbleached kraft	No change (since 6/83)*
Bag & sack, except shipping sack, unbleached kraft	1.0
Bag & sack, except shipping sack, except unbleached kraft	1.5
Glassine, greaseproof, and vegetable parchment	No change
Oil, waxed, and wax-laminated paper, printed or not	-1.4
Tissue paper stock, except thin	1.9 (since 6/83)*
Sanitary paper stock	2.7 (since 6/83)*

*Index base 6/83 = 100.0

Source: Bureau of Labor Statistics, Producer Prices & Price Indexes

PAPER TOWELS STACK UP A

Part I: *Electric Hand Dryers: Just A Lot of Hot Air?*

By: Michael D. Shackelford
Washroom Marketing
Business Manager
Commercial Products Division
Scott Paper Co.

A classic cartoon situation—one that for generations has epitomized a money-costing waste of time—is a group of workers gathered around a water cooler. Were it not for a certain cultural lag among the world's cartoonists, that fixture would long ago have been replaced with an electric hand dryer.

Indeed, even the most conservative of time-and-motion studies indicates that the average person spends at least 25 seconds in front of an electric hand dryer, as opposed to just 10 seconds wiping with a paper towel.

But popular perception, like that of pen-and-ink humorists, takes a while to catch up with reality. Fortunately for the paper trade, however, misconception has been finally overwhelmed by experience now that the electric hand dryer has been on the market for so many years.

The time it takes

Consider the implications of that time factor. Assume an office of 500 workers, each of whom visits the washroom four times a day. Assume, too, that the hourly pay scale averages $7.

If each of those workers uses an electric hand dryer instead of paper towels, each wastes one minute a day. Not much per individual, but multiply that by 500 and the wage loss if $55 per day. For a week, $275. And for a full work-year, $14,300.

To make the picture even more bleak consider this: There's usually someone in line behind those workers, waiting, wasting even more time, as the one in the front of the line is attempting to dry his hands. Thus, the time factor is doubled or tripled.

An electric hand dryer does not, as do paper towels, permit someone to rip off a piece of material and use it while enroute to the waste basket. With an electric hand dryer, what you use can't be moved from where it is.

Maintenance costs

Equally damaging are comparison of direct, and indirect maintenance costs.

First, paper towel dispensers are relatively simple mechanisms which don't go wrong all that often. And when they do, it's likely the trouble can be corrected in a couple of minutes by a custodian whose wage scale might be the same—certainly no higher—as that of the $7-per-hour office worker.

In a building of the size used in our example—500 people—there's usually a custodian on duty during working hours, not to mention well into the night.

An electric hand dryer is an altogether different story, though. First, not only good sense but union regulations, too, prevent most custodians from attempting to fix an electric hand dryer. In all but exceptional cases, a union electrician must be called when something goes wrong with the device.

If there's not one on staff, that means a waiting period that may range from a few hours to a day, perhaps even longer. That electrician probably charges $20 per hour, has a minimum fee per call, and may even charge for travel time to and from the site of the defective electric hand dryer.

Many employers—and firms which provide washrooms as a service to their customers—have to contend with this two-edged problem of an electric hand dryer that doesn't work, and an electrician who when he does work charges what is a very significant sum of money.

It is particularly irritating to, say, service stations where there is only one electric hand dryer per washroom. Paper towel dispensers are often installed to cover periods between the time an electric hand dryer is not working, and when it is repaired.

Having two systems just doesn't make economic sense. Nor is there much sense, either, in watching toilet tissue build up in the waste basket when the electric hand dryer doesn't work, and there's no supplementary paper towel dispenser.

Replacement cost

Under the worst circumstances, where a paper towel dispenser cannot be repaired, the cost of replacement may run $25 or so. With the electric hand dryer, it is an entirely different story—a new one may involve an investment of at least several hundred dollars.

To install a new paper towel dispenser requires the time of anyone

GAINST THE COMPETITION

with the ability to use simple hand tools. But to put up an electric hand dryer—well, again you're looking at the electrician and his $20 per hour, his minimum fee, and his travel time. Fortunately, the owner has already paid the price of the special wiring many localities require for electric hand dryers.

Benefits of paper towels over electric hand driers

- saves time
- lower maintenance cost
- much lower replacement cost
- competitive usage cost
- greater sanitation
- no heat to add to the discomfort level
- no puddles on the floor
- users prefer paper towels

Usage costs

None of those points can be overcome by even the most skilled vendor of electric hand dryers. Nor, to his further disadvantage, can he present persuasive figures about operating costs of the device.

How fortunate it is for us in the paper trade that we can project the costs of materials. For example, we know that one case of C-fold towels will serve up to two, maybe two-and-a-half, people a year. We determine the number of people at a particular location, factor in the per-case cost, and the prospect pretty much knows what he's facing in the way of hand drying expenses.

Getting the job done

But perhaps the greatest advantage paper towels have over electric hand dryers is that paper towels do the job, and electric hand dryers *don't.*

Despite the fact that an electric hand dryer requires more than twice as much of a person's time, it does nothing for the cleaning process. Paper towels—just examine some that have been used in the washroom of a factory—remove dirt and grime that may not have come off in the sink.

An electric hand dryer, however, does not remove that residual dirt. In fact, it simply dries it—and the soap that was not rinsed off—on the user's skin. And by no one's definition can that be considered cleaning.

It's not very good sanitation, either, which is one reason that so few

Continued on page 8

CALENDAR OF EVENTS

March

11-14. "Paper Week"—American Paper Institute—Waldorf Astoria, New York, NY.

12. Sales Association of the Paper Industry's 65th Anniversary luncheon, Grand Ballroom, Waldorf Astoria, New York, NY.

20. Successful Inventory Management for the Wholesale Paper Distributor presented by Gordon Graham, Hyatt Regency Hotel, Indianapolis, IN. Contact NPTA.

22-24. Southwestern Paper Merchants & Suppliers Association Convention, Mandalay Four Seasons Hotel, Irving, TX.

April

8-11. GATF International Congress on Lithography, William Penn Hotel, Pittsburgh, PA.

9-13. NPTA Committee Week '84, Capital Hilton Hotel, Washington, D.C.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

electric hand dryers are found in pharmaceutical plants, hospitals, clinics or other health and medical-related places of work.

There is another sanitation factor that must be considered, too. Electric hand dryers continually recirculate the same air. This is, remember, a washroom and not exactly the most germ-free environment in the world. Thus bacteria and odors are deposited upon the surface—the vulnerable human surface—being dried.

. . .Paper Towels Do The Job, And Electric Hand Dryers Don't!

In effect, the user walks away from an electric hand dryer a little cleaner, a little dryer, than when he arrived but possibly a lot *less* sanitary.

There are several other problems, too. The electric hand dryer is a heater—in effect, a radiator—and that adds to the summertime discomfort of a building. And because an electric hand dryer does not catch liquids as does a paper towel, there is often a slippery puddle in front of the device where water has dripped from a user's hands.

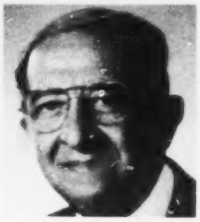
And try—just try—to deal with wet arms and faces in front of an electric hand dryer.

Many of the points mentioned might be ignored were there good user acceptance of electric hand dryers, but that is not the case. In fact, independent research has determined that paper towels are preferred by 74 percent of the people offered a choice.

And not having been offered that choice sometimes results in protest. In a case reported by a New Haven newspaper, eighteen women working in an office signed a petition protesting the use of electric hand dryers in their washroom. "We would like to have good, old fashioned paper towels back again," they wrote.

And they wrote that petition on a "good, old fashioned" paper towel.

CHAIRMAN'S CORNER



LIONEL ELTIS
NPTA's Chairman of the Board

Your Company's Performance

If there's one thing you should count on your Association for it is reliable industry sales and financial data. Many of you participate each year in the NPTA Performance Analysis Report (PAR), but some of you don't. Why?

Every paper distributor needs a good barometer to constantly check his company. We have always found the PAR to be the right one. And besides that, there is a need for good statistical averages to check the direction, health and well-being of the paper distribution industry at large.

The purpose of the PAR is to give you industry averages so you can find out if your company is ahead or behind where it should be. Each company filling out the confidential questionnaire receives a free analysis back which is more than figures.

PAR is a detailed computer analysis of your company's performance compared with a group which is similar in size, region, product line and order mix. Once you look at the results, you will have a better idea of how to set realistic goals for the coming year.

Also, the PAR Report will give you answers to questions like: Am I paying my employees too much or too little? How is my return on investment? Am I carrying the right amount of inventory? Am I getting the right return on the inventory and receivables I am carrying?

One reason I have heard from members for not participating is that the questionnaire is too long and too complicated. On first glance, it may appear so. But look at it again, much of it is the fund of information you must prepare for your bank and for other year-end filings.

If you can't fill it out, begin by filling out what you can. I guarantee you that any time you spend with the questionnaire will pay a high return to your firm.

Rest assured about the confidentiality of your information. You will return your numbered questionnaire (firm name never appears) to our Columbus, Ohio consultant, Management Foresight, Inc., who prepares the report. The PAR Report is mailed directly to the person in your firm whom you designate.

I urge you to participate. It will be the most profit generating questionnaire you will fill out in 1984. The report comes to you at no additional charge; it is part of your Association membership dues investment.

John LaRosa, the NPTA director of research, can answer any questions you might have. Call him today!

Next Month:

Part II:
Cloth Roll Towels: Their Story Just Doesn't Wash

PAPER MERCHANT STRATEGIES

Where do new ideas come from?

This column in *Management News* is dedicated to sharing ideas among our readers. We'd like to hear from you.

If you have a unique approach to the marketplace, tell us. If you have adopted company practices to improve efficiency, our readers would love to hear about it. Are you doing strategic planning? Let us know what is important about the future development of your company.

The important thing is to get the ideas into circulation to the benefit of the industry. If we use your piece, you will get some good press for your company on this page, and you will receive reprints for your use.

Take a moment to let the industry know how its going. We will all appreciate it.

Computer paper and supplies pave the way to growth

Although we're probably one of NPTA's smallest fine paper merchants, First State Paper is the *only* fine paper distributor in the state of Delaware and is now beginning its thirteenth year. We've been a member of NPTA since 1975. The company was formed in November 1971 to fill what I felt was a need for a local source for printing paper.

Our steady growth and now our second move into much-needed larger quarters would seem to prove that was true. The "new" building, on a 3-acre site just south of Wilmington, is over 42,000 square feet and has eight covered truck bays. We now have our own large parking lot (a major problem at our previous down-town location) and plenty of extra ground for future expansion.

I feel that much of our success can be attributed to our flowing with the tide of change in the cut-size paper market in the 70's. The plain bond copier opened many new doors for paper usage and we fortunately added toner and developer to our line early on; something that was being emphasized in the trade six years later at the 1981 New Orleans convention.

We entered the computer paper market early also, again complementing paper with related supplies. Our new facilities will enable us to further expand our lines and to improve our efficiency as well. Serving the printers in the area is still our mainstay though, and with the addition of our new cutter and growing inventory we hope to do an even better job in the future.

—Richard G. Emerson, president
First State Paper, Inc.
Wilmington, Delaware

A long history sets the stage for the future

Back in 1919 Mayer B. Myers, then a young man not yet 30 years old, ambitiously broke away from the firm he was then associated with and began his own paper distribution operation. That was 65 years ago.

Today the firm which bears his name occupies a modern one story warehouse covering slightly more than 100,000 square feet. After moving from one location to another, as growth demanded, the firm in 1951 built its present modern one story facility.

Since the completion of that original building there have been three additions of approximately 20,000 square feet each, and in each instance the additions contained considerably more cube by reason of substantially greater ceiling heights.

In conjunction with the beginning of their 65th year, the firm is reshuffling their staff assignments.

— Malcolm Levi, Jr., senior vice president
Mayer Myers Paper Company
Memphis, Tennessee

Monarch Paper's successful reorganization

Monarch Paper Company, a division of Alco Standard, has successfully completed a year of transition in 1983. This year was critical for Monarch and for the marketplace which suffered it's worst downturn in the past 30 years.

The transition Monarch had to make was to broaden its market, from a premium grade orientation in which they had excelled, to reach more diverse and volume oriented market segments. Certainly their cornerstone businesses were not to suffer while these changes were being pursued.

In addition, the company relocated into new distribution facilities in Dallas, Houston and San Antonio. These moves increased their inventory capacity by 250,000 square feet.

In order to accomplish this restructuring, some reorganization had to be made by plan and naturally unexpected changes occurred as well. When all was said and done, Monarch's sales held to near the record levels set in 1982.

Management changes occurred at virtually every level of the company, and as early as the third month of the 1984 fiscal year Monarch attained its single largest sales month in the history of the company.

Having successfully reorganized the management team and seeing some recovery to the Texas economy, President Hamilton Bisbee said Monarch is now positioned to capture a more broad market segment in the coming year, along with deeper penetration in existing segments. As Monarch's new slogan, "Capture the Spirit" indicates, Monarch has captured the spirit of positive changes as we enter 1984.

— Edwin R. Hunter, vice president, sales & marketing
Monarch Paper Company
Houston, Texas

Inventory Shock

When fast-moving stock items repeatedly fall into a backorder pattern, here's how to jolt them back on track!

By Gordon Graham

Occasionally, every distributor encounters trouble on an important stock item. Something happens that no one could have predicted, and you run out of stock. The supplier's factory has a fire; an important customer has an emergency and buys all your stock in one fell swoop; you open ten boxes in the warehouse to find the wrong material packed inside; you discover a stock record error; and on and on...

None of these situations could have been anticipated, but that doesn't make any difference to the next customer who wants the item. It's a stock item. You've told him in the past that you'd take care of his needs on this item. And now you let him down! You have a good excuse, but the customer isn't very understanding.

Can you avoid making customers mad in this situation? Can your "system" keep you from running out of stock? Frankly, no. When an item is fast-moving, representing significant dollars moving through the inventory each month, you can't afford many months' supply on the shelves. The replenishment order quantity is correctly set to develop a high inventory-dollar turn rate. Hedging against a very unusual condition by laying in excess stock might be OK on just one item, but you'd go broke trying that on all your fast-movers. And who's to say where lightning will strike next?

Any good inventory control system acknowledges the risk of running out of stock. You cannot generate a 100% service level on all fast-moving items. You will run out of almost every item from time to time! For the item we're discussing, that time is now. Something very unusual has happened, and you've run out of stock. Certainly, you'll scramble like mad to offset the effect (buy merchandise from competition, expedite the P.O., etc.), but in most of these "bolt-out-of-the-blue" situations, you can't prevent the stockout. There is going to be a buildup of backorders; and what you do next is very important.

Getting out of rhythm

When you're out of stock on a popular item, customer backorders often pile up until a replenishment shipment arrives from the supplier. In a multi-branch company, it can be even more critical. A central warehouse must supply the needs of satellite branches, as well as their own customers, so branch-transfer backorders add to the accumulation waiting for the next incoming shipment.

What happens when the replenishment shipment finally arrives? *ZAP!* The backorders eat it all up, and you're out of stock again. This time, the wait is a bit longer perhaps. More backorders. In comes a shipment and the same thing happens again—backorders take it all. On this item, your system is now badly out of rhythm.

In time, of course, the item will cease to be a problem for you. Customers will correct the situation by not ordering that item from you! That's not a very desirable solution.

Shock the system

To get this stock item to stop acting like it's non-stock, you have to *shock* it with a hefty jolt of additional merchandise. There's some discomfort involved. You must invest more money into inventory than you'd like—significantly more on an item where you'd like more turns than you'll get. You're already in trouble on the item—losing sales and, perhaps, customers—and you may not get all that business back when you get the item leveled out. The larger investment could backfire, but you really have no choice. The alternative (a *certain* loss of sales and customers), cannot be risked.

You may not be able to prevent a stockout when some very unusual condition occurs, but when you see a stock item repeatedly fall into that backorder pattern, you can take action to jolt it back into a proper cycle. Increase your quantity order for the item to two or three times the usual amount. When the purchase order arrives, you'll have enough material at once to fill *all* the waiting backorders and still be above the order point.

"That's just common sense!," you say. "Of course we'd order more material!" Would you? If you have a computer guiding what to do, you might not. Computers consider sales history to set the ordering controls (when and how much to buy). But in this situation, sales history doesn't give the true picture. You record sales when the backorders are filled and invoiced. Distributors have attempted many methods but never developed an effective way to measure the sales lost when an item bounces around in a backorder mode. Eventually, you have to bring in enough merchandise to take care of all waiting backorders and leave plenty of stock on the shelf. That will correct the problem.

A few years back, I found out the hard way how seriously sales and profits can be affected by allowing an item to remain in the jerky backorder cycle. A little, cheap item kept experiencing stockouts. The salesmen never actively tried to sell any. We just took orders whenever a customer wanted some. However, we did sell 500 per month. Just like clockwork: 500 every month. We just seemed to be out of stock continually.

The sales history showed a nice, steady 500 per month. We'd order 500. They'd come in and go right out, and the cycle on this was about a month. The computer looked at all this and said, in effect: "Great! 500 per month steady usage! Keep up the good work! Keep buying 500 of this fast-mover! You're getting terrific turns on the item!"

One day, someone asked: "I wonder what would happen if we brought in 1,000 of these?" We tried it. *ZAP!* They went right out. We tried 2,000. Same thing! As we got bolder and bolder in our ordering from the supplier, we continued to sell the whole shipment almost at once! The true demand level for this item turned out to be *15,000 per month.* What a costly lesson!

Are there exceptions?

Absolutely! Remember that this discussion began because a popular, fast-moving item was in trouble—an item that represented significant dollars moving through the inventory each month. What if the item is slower-moving; one that doesn't amount to much money going through the inventory?

The "C" class item—the slow movers—are assigned this designation because they represent few cost-of-sales dollars per time period. When you run out of one of these, what are the odds that a great number of backorders will build up before the replenishment stock arrives? And what is the normal replenishment quantity on the slower-moving items? It should be five or six months' supply or more! When the regular replenishment order arrives (which likely was placed before you ran out of stock) the higher months' supply covers any waiting backorders comfortably. If it doesn't the item may no longer be slow-moving. Its class is changing. A new set of ordering controls is needed.

Summary

Despite your best efforts and a very well-planned and programmed inventory management system, you will run out of stock once in a while on your most popular stock items. For most distributors, this means that customer backorders will pile up to wait for the next shipment. Often when it does show up, the backorders eat up the entire quantity and the distributor is right back in the soup with his customrs.

Special action is needed to "shock" the item's cycle, to jolt it back to a normal pattern before the customers get tired of the lousy service. Order twice or three times the usual replenishment quantity one time to be able to fill all backorders—and have stock on the shelves above the order point.

With slower-moving items ("C" class, etc.), the normal replenishment quantity should represent six months' to a year's supply. So when a new shipment does arrive from the supplier, it fills all backorders and allows plenty of stock to go to the warehouse also.

Apply this "shock method" only to those fast-moving items that represent significant dollars moving through the inventory each month.

Graham scheduled for NPTA workshop

NPTA's Education and Training Department has scheduled Gordon Graham to address paper merchants on March 20, 1984 in Indianapolis, IN, August 30, 1984 in Boston, MA and February 14, 1985 in Nashville, TN. His one-day interactive workshop, *Successful Inventory Management For The Wholesale Paper Distributor* will deal with key buying and stocking issues designed to improve service and turnover.

For more information on these workshops contact NPTA's Education and Training Department at 516-829-3070.

Inventory management consultant Gordon Graham has designed and installed inventory control systems for distributors for more than 20 years. He conducts seminars for major distributor associations, and assists computer manufacturers in developing practical inventory control software for distributors. His book, Automated Inventory Management for the Distributor *is available from the National Paper Trade Association.*

Gordon Graham

The Manager's Notebook

Are you a workaholic?

Mark Porter, in his book **The Time of Your Life** *(S.P. Publications, 1983), provides the following checklist to determine whether you are a workaholic. This checklist appeared in* **The Time Management Report**.

- *You're never too busy to stop and talk about how busy you are.*
- *When someone talks to you for over five minutes, you look at your watch.*
- *You seldom relax or play because there is always another project to be done.*
- *You are unable to say "no" when you are asked to do something.*
- *You set unrealistic goals for yourself.*
- *You are irritable, disillusioned with people, and depressed much of the time.*
- *Your spouse asks if you have given him or her up for Lent; and your son or daughter thinks an appointment is needed to talk with you.*
- *You never go on vacation because you believe things will fall apart while you're away.*
- *If you do go on vacation, you take more than one book for each day you will be away.*
- *You try to be everywhere at once.*

If you feel driven and exhausted most of the time, you may be a workaholic, and should re-examine your priorities. What you **are** *is more important than what you do.*

Making record keeping easier

Small to medium-size firms find keeping their records to be both time-consuming and expensive, reports the Reseach Institute of America. A good way to save time and money is to use "standard forms" for basic accounting. This will help you track and collect receivables more easily, pay your bills, and monitor finances. There are some 230 different one-write forms available.

The paper clip that killed the computer

It has probably happened to you—a paper clip caught in your photocopier brought it to its knees. But computers have no moving parts, so you are safe, right? Wrong.

Computers are sensitive to very small electrical charges. Dust sticks to things because it is staticly charged. Paper clips, which are stored in magnetic holders, may retain a slight magnetic charge. Be careful where you put the holder **and** *the paper clips. Special mats can help you avoid all static discharges which might play havoc with your computer.*

Successful closings

Not only is the concept of "closing" important in selling, but it is a necessary ingredient in a successful speech. Round out your speech, says authors Flacks and Rasberry in their book **Power Talk**, *by referring to the story, example or illustration you used as the attention-getter at the beginning of your talk.*

Another option is to briefly restate the main thesis or purpose of your talk. But **don't**, *the authors say, close with new information.*

PAPER MERCHANT SALES REPORT

JANUARY, 1984

	NPTA REGIONS	SALES PER SELLING DAY JANUARY 1984 -COMPARED TO- JANUARY 1983	SALES PER SELLING DAY JANUARY 1984 -COMPARED TO- DECEMBER 1983	SALES PER SELLING DAY 1984 YEAR-TO-DATE -COMPARED TO- 1983 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF JANUARY		CALENDAR DAYS' COST* OF ENDING DECEMBER INVENTORY	
					1983	1984	1982	1983
INDUSTRIAL	1	+ 1.3%	- 1.2%	+ 1.3%	38	42	53	--
	2	+ 1.8%	- 0.7%	+ 1.8%	35	38	49	55
	3	+ 1.4%	- 0.5%	+ 1.4%	34	37	61	58
	4	+ 1.9%	+ 0.2%	+ 1.9%	33	36	60	59
	5	+ 1.0%	- 1.4%	+ 1.0%	33	35	62	62
	6	+ 1.8%	- 1.7%	+ 1.8%	34	39	49	--
	7	+ 0.4%	- 1.3%	+ 0.4%	35	38	60	--
	NY METRO	+ 1.0%	- 1.3%	+ 1.0%	44	44	--	--
	CHICAGO METRO	+ 1.9%	- 0.3%	+ 1.9%	40	51	52	54
	LA METRO	+ 1.4%	- 0.9%	+ 1.4%	47	46	51	47
	US	+ 1.5%	- 0.8%	+ 1.5%	35	39	55	57
PRINTING	1	+ 2.4%	- 0.5%	+ 2.4%	53	51	51	--
	2	+ 2.2%	- 0.9%	+ 2.2%	46	45	67	63
	3	+ 4.1%	+ 1.4%	+ 4.1%	44	40	85	82
	4	+ 3.0%	+ 0.3%	+ 3.0%	45	41	78	68
	5	+ 2.3%	- 0.6%	+ 2.3%	43	43	66	89
	6	+ 1.7%	- 0.1%	+ 1.7%	43	43	83	--
	7	+ 1.4%	- 0.2%	+ 1.4%	41	42	81	86
	NY METRO	+ 2.9%	- 0.8%	+ 2.9%	44	43	64	--
	CHICAGO METRO	+ 2.9%	- 0.2%	+ 2.9%	45	47	67	--
	LA METRO	+ 2.9%	- 1.2%	+ 2.9%	39	38	84	92
	US	+ 2.6%	- 0.3%	+ 2.6%	45	43	74	79

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC; TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

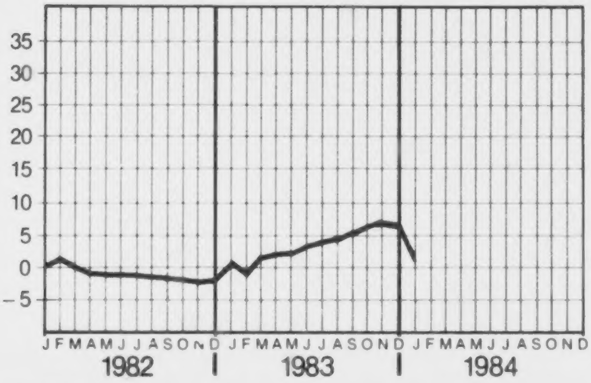
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

Paper Merchant Sales Report

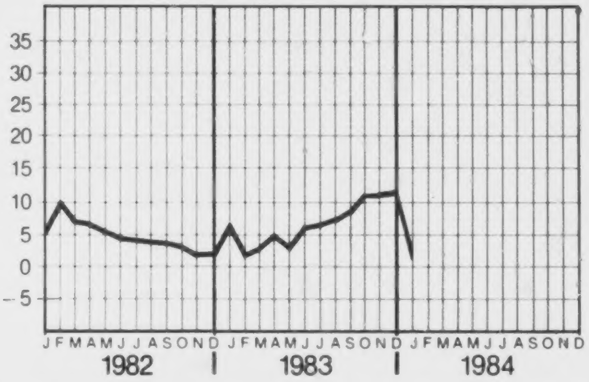
Summary National Trend Information: 1982 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

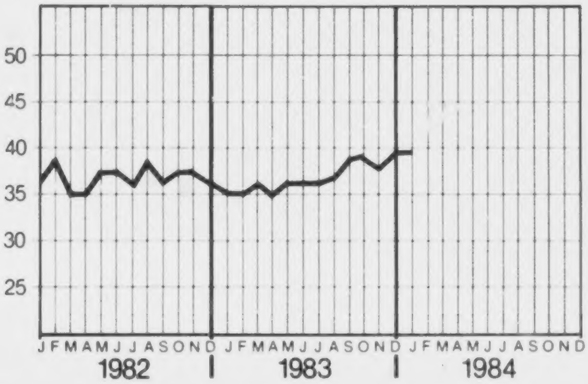


PRINTING PAPER SALES NATIONALLY

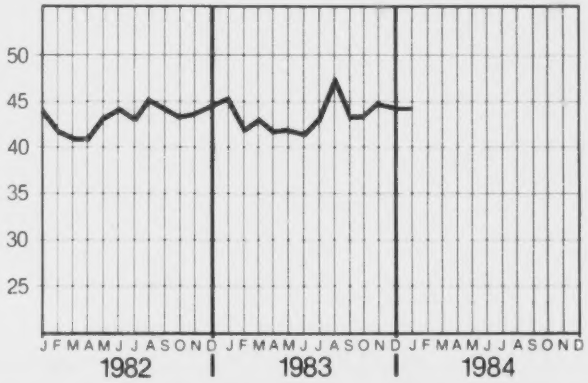


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

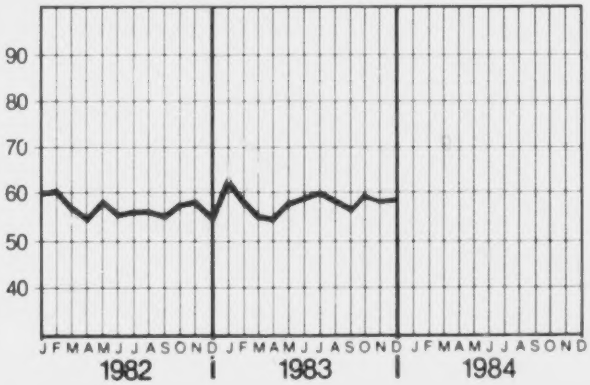


PRINTING PAPER RECEIVABLES NATIONALLY

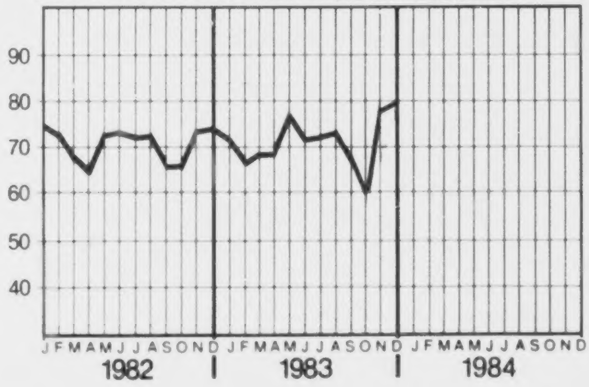


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

API monitors state legislative activities

As in the past few years, the API state government relations office will subscribe to a computerized state legislative monitoring service in 1984 to track state legislation of importance to the industry.

The monitoring effort has been a staple of API's state government program and has allowed the association to follow specific bills in all 50 legislatures as well as to analyze emerging trends on issues of interest. In addition, API has been able upon request to provide specially tailored information to member companies on state legislation.

The issues that will be monitored during 1984 are those that have a special impact on the paper industry which API member companies have expressed significant interest in the past. Among the legislative issues to be tracked in all states are those relating to packaging, recycling and resource recovery, solid and hazardous waste, groundwater, right-to-know, plant closures, trucking, and specific tax items.

AT&T divestiture and the Yellow Pages

The AT&T divestiture settlement provided that AT&T would be free to manufacture and market computer equipment for the electronic publishing industry and, of course, to continue providing a delivery system for information transmitted by other companies, stated the editors of *Advertising News Review*.

The modification also made clear that AT&T would be permitted to create an electronic Yellow Pages that would list only general product and business categories, service or product providers, and their names, telephone numbers and addresses.

Publishers still fear that the electronic Yellow Pages, with its capacity to provide constantly updated information, may cut into newspapers' advertising revenue. Additionally, the electronic Yellow Pages may ultimately adversely affect printers by reducing the demand for printed advertising directories.

With the shadow of AT&T lifted, printers and others now will be looking more closely at the videotex market, which industry officials estimate will grow to $10-$15 billion by 1990.

How efficient is the post office's delivery of bulk mail?

"Not very" is the latest word from **Postal World** magazine. Industry surveys indicate that more than 10 percent of bulk business mail disappears each and every year.

According to an item reported by the Newsletter Clearinghouse, some bulk mail goes weeks without being sorted, misrouted mail is sometimes discarded, and time-sensitive mail that is out-dated finds its way to the trash can.

More than 200 Postal Service employees have been arrested and charged in the past two years for stealing or dumping mail.

The Post Office is trying to cope with the problem,though. Bulk Mail Centers are receiving $53 million in new sorting equipment. Their goal is to deliver bulk mail items in 10 working days.

NAW appoints Calio to government relations post

Nicholas E. Calio has been appointed to the position of vice president of government relations of the National Association of Wholesaler-Distributors (NAW). He will also assume the responsibility of executive director of WDPAC (Wholesaler-Distributor Political Action Committee).

Mr. Calio's most recent position prior to joining NAW was chief litigation counsel to the Washington Legal Foundation.

Federal Spending on Social Programs for 1982 and 1983 Compared

Function	1982	1983	% change
Farm price supports	11,582	18,882	62.5
Food stamp and other nutrition programs	15,196	17,326	14.0
Farmers Home Adminis tration	3,568	4,303	20.6
Department of Energy	7,577	8,348	10.2
Old Age and Survivors Benefits	134,661	148,642	10.4
Health care programs	82,237	94,697	15.2
Housing assistance programs	8,378	10,026	19.7
Unemployment benefits	27,239	44,698	64.1

Source: ***National Association of Wholesaler Distributors***

ASSOCIATION File

Strive for excellence at the '84 NPTA Convention

"Excellence" is defined as **the fact or condition of being superior to, or surpassing, others.** It is these important words that NPTA will use as the core of its Annual Convention and Exposition for 1984. The meeting will be held at Chicago's Hyatt Regency Hotel September 22-25.

The word "excellence" by itself has little meaning until it is used to describe a person, a function, or a company. Paper merchants can "strive for excellence" in 1984 in three ways: as individuals, working together in a company, and as an industry.

People in paper distribution have many opportunities in 1984 to excel. In this olympic year, the spirit of human achievement is again raised before us. Merchants can seize new opportunities to increase their personal contribution to their companies.

The company, as something greater than the sum of the talents of its people, can move ahead in 1984. Growth in the marketplace, more efficient physical distribution, and increased productivity all come from a commitment to excellence which makes the customer take notice.

NPTA
'84
STRIVE
FOR
EXCELLENCE

Paper distribution, as an industry, is greater than the sum of its companies. When representatives come together in Chicago to discuss the gaining of personal and corporate excellence, the industry will be brought forward. The paper distribution industry benefits when the individual or the company excels. It is this momentum which will be generated in 1984. And it is hoped that this year will be remembered for it.

Converting operation available in PA

Paper converting operation in Pennsylvania is available containing sheeting equipment, trimming, slitting, edge trimming, balling and compacting equipment. For a complete detail sheet, contact the NPTA Communications Department.

NPTA 1984-85 fiscal year will launch new projects

With the start of the new fiscal year on March first, your Association will be launching important programs which will impact paper distributors across the country. These services will take the form of new seminars, workshops, conferences, sales aids, and other member services.

The commitment of paper distributors to enhancing their productivity, efficiency and profitability can be seen in the great variety of programs offered by NPTA. And 1984 will offer more.

By now, member companies should have received their dues invoices for the Association's fiscal year. Prompt attention to this will be most appreciated. Should there be any questions, contact Richard J. Lerman, director of marketing and membership services at 516-829-3070. All membership dues are tax deductible.

NPTA
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NPTA MANAGEMENT NEWS

April, 1984

Highlights

Six firms receive membership in NPTA

Congratulations to American Paper & Twine, Central Paper, Industrial Wiper Supply & Paper, Northern Paper Distributing, Paper & Chemical Supply, and J. Stone & Company. All members, directors and staff welcome them aboard (P. 2)

NPTA launches new quality reporting method

The NPTA Printing Paper Division has just published a quality reporting method to be used by merchants with their printing customers. The new system has been endorsed by Printing Industries of America, the National Association of Printers and Lithographers, and the National Association of Printing Ink Manufacturers. (P. 4)

What's ahead for the maintenance supplies distributor?

Maintenance supplies distributors (who also carry paper products) are looking to the future of their industry. How is their business changing? (P. 5)

Training may answer your personnel productivity question

It is not easy to determine whether training is the answer to the personnel productivity question. There are many factors at work. (P. 6)

Cloth roll towels: Their story just doesn't wash

In Part II and the conclusion of the feature "Paper Towels stack up against the competition," roll cloth towels are successfully challenged by paper. (P. 7)

Physical distribution and the movement of information

Physical distribution in the future may rely as much on the movement of information as the movement of goods. The National Council of Physical Distribution Management survey reported important findings. (P. 11)

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Route To:

NATIONAL PAPER TRADE ASSOCIATION, inc.

NEWS OF PAPER TRADE ACTIVITIES

Six firms receive membership in NPTA

The National Paper Trade Association welcomes the following industrial paper companies as new members:

American Paper & Twine Company
7149 Centennial Blvd.
Nashville, TN 37209
Robert S. Doochin, President

Central Paper Company Inc.
2524 First Street West
Birmingham, AL 35204
Anthony P. Ross, President

Industrial Wiper Supply & Paper Company
155 Sixth Street
Chelsea, ~~MA 02150~~
Edward J. Callahan, President

Northern Paper Distributing Company
1711 Rogers Avenue
San Jose, CA 95112
Bernard Fredkin, President

Paper & Chemical Supply Company
207 Frankford Avenue
Sheffield, AL 35660
Jack Muhlendorf, President

J. Stone & Company Inc.
14 Bennett Street
Lynn, MA 01903
Carol Z. Stone, President

All NPTA members, directors and staff wish these new members much success in 1984.

Expansions, name changes

Irving Kapner, president and chief operating officer of the Willmann Paper Company in New York City has purchased a large warehouse in Jersey City, NJ. The facility is located only 1,740 feet from the Statue of Liberty.

Suneclipse, Inc. is the new name for the Kent H. Landsberg Company of Montebello, CA. They will be headquartered in a newly constructed office complex at 1610 S. Greenwood Avenue.

People In The News

Richard A. Reeves has been elected corporate vice president of the Hammermill Paper Company. He will continue to direct the company's CDA Distributors and Industrial Material Distributors Divisions. Mr. Reeves also serves on the NPTA board of directors.

Alfred Eisenberg has become chairman of the board and chief executive officer of Canover Industries of Maspeth, N.Y. **Henry Eisenberg** was named vice chairman and chief financial officer. **Irv Mermelstein** was named president and chief operating officer.

Ronald L. Campbell has been named vice president, human resources at the Blake, Moffitt & Towne headquarters in Brisbane, CA. **James R. Fleming** was named general manager of the company's Los Angeles Division.

Anthony W. Sorge has been elected executive vice president of the D.F. Munroe Company in Wilmington, MA.

Kevin J. McClamroch has been named general manager of the Atlanta facility of Mead Merchants Central Area.

Sol Hyman, vice president of H. Goldman & Sons, Inc. of Philadelphia, PA was elected as president of the Paper Trade Association of Philadelphia.

John E. Evans has been appointed branch manager of Butler Paper Company's Evansville, IN operations. **Thomas Leech, Jr.** was named to the newly created position of marketing manager, industrial papers at the company's headquarters offices in Englewood, CO.

Thomas H. Johnson has been elected president of the Paperboard Division of the Mead Corporation.

James R. Voisinet has been named president and chief operating officer of National Gypsum.

Margaret M. Atwell was elected vice president, sales manager, converted products at Gilman Paper.

John W. Turner has been named senior vice president, marketing at Appleton Papers.

L. Scott Barnard has been elected vice president-sales at Champion International.

Robert H. Boyer has been named vice president, sales for P.H. Glatfelter succeeding **John C. Hildebrand** who retired.

James River: one of five best managed companies in 1983

Dun's Business Month reported on the best managed companies for 1983, and James River was one of the top five in the country. The company has grown from one mill with sales of four million dollars in 1969 to 23 mills, 21,000 employees and $2.2 billion in sales.

With the purchase of American Can's paper products division in 1982, James River's size doubled overnight. Anticipation now is that future acquisitions will only amount to 20% of revenue growth. Founders Brenton Halsey and Robert Williams expect revenues to pass $3 billion in five years with an estimated 20% per year rise in earnings.

New name for Hammermill distribution operation

The Hammermill Paper Company announced that it is changing the name of its Commercial Distribution Associates Division to CDA Distributors.

The division was established in 1977 and now has 18 warehousing locations in seven states and sells food service, packaging and maintenance products.

The companies making up CDA Distributors include: Advance Paper & Chemical, Crown Supply, Harrisburg Paper, Mellocraft, Morris Paper, Reid Paper, Rohner Distributors, Ropak, and Steindler Paper. CDA Distributors is headquartered in Erie, PA and is directed by Richard A. Reeves who is also a member of the NPTA board of directors.

G-P will study building new fine paper machine

A state-of-the-art twin-wire machine may be on the drawing board soon for Georgia-Pacific. The company's board of directors has approved the feasibility study of a new machine which would improve G-P's product mix at one of its existing mill sites.

The company recently initiated a program to rework portions of the Crossett, AR and Palatka, Fl mills for production improvements. This will also increase white paper capacity.

If a new machine is added, it will produce uncoated printing grades for register bond, cut size bond and web offset paper. "We believe the market for these grades will continue to grow through the current decade and beyond," said Robert A. Schumacher, executive vice president, pulp and paper at Georgia-Pacific.

"The trend toward computerized electronic offices has raised demand for such paper significantly," he said.

Great Northern Nekoosa reports gain in paper distribution for 1983

Great Northern Nekoosa reported that net sales amounted to $1.57 billion which was up 9.8% from 1982 sales of $1.43 billion. The company's net income was fixed at $84 million which represents an increase of 7% from the previous year's income of $78.5 million.

GNN operates paper converting and paper distribution companies in addition to primary manufacture. Paper converting and distribution amounted to $506.7 million for 1983 which was a 23.5% increase in sales from the $410.2 million reported in 1982. Income from these operations was a total of $24 million, up 14.3% from the $21 million reported for 1982.

Paper converting at Nekoosa is represented by Nekoosa Envelopes with plants in 10 cities. Approximately 85% of all envelope production is custom printed.

The paper distribution arm of Nekoosa is the Butler Paper Company headquartered in Englewood, CO. They serve 75,000 customers and operate in 58 cities throughout the United States.

1983: A record year for paper production

"Production of paper and paperboard broke through to new highs in 1983. Sparked by strong demand in printing-writing papers, tissue papers and virtually all grades of paperboard, production reached an estimated 64.8 million tons in 1983," report American Paper Institute president Louis F. Laun. This was nine percent above the recession-induced 1982 low and four percent over the previous high reached in 1981.

Because of the widespread use of paper products, overall paper and paperboard demand is sensitive to business cycle changes, although each major sector has its own unique response.

With real GNP rising by 3.3 percent in 1983, total paper production rose by eight percent. Industrial production, showing a six percent recovery, paced a 10 percent increase in paperboard production. As in 1982, the production of paperboard was strengthened by export demand, which showed a strong gain in 1983.

"DID YOU ENJOY YOUR WEEK OFF MISS HARTLY?"

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PRINTING PAPER

A new quality reporting method is launched by NPTA

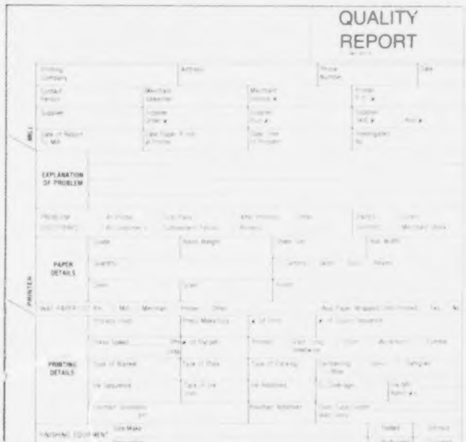
Three industry trade groups have endorsed the NPTA method

The National Paper Trade Association's Printing Paper Division Committee researched the needs of paper merchants who serve the graphic arts community and discovered that concerns about the quality of a print job often went unresloved. The reason: Lack of hard information for documentation.

The Committee was aided by the National Association of Printers and Lithographers (NAPL), Printing Industries of America (PIA), the National Association of Printing Ink Manufacturers (NAPIM), 35 printing paper manufacturers and other paper merchants in a quest that resulted in the new reporting method. The "Quality Report" form utilizes the collected wisdom of these industry groups to aid printers and their suppliers in documenting printing concerns. These four trade associations endorsed the use of this method in the graphic arts industry.

R.W. Abrams, vice chairman of the NPTA Printing Paper Division and CEO of West Coast Paper in Seattle, Washington said, "The printing paper merchant has a responsibility to provide his customers with paper products that will do the job. There are times when the printer's end-product does not live up to expectations or a problem is encountered along the way.

"Is it the paper? Was it false expectations for that particular paper? Or was it the ink, binding, poor pressmanship, or a combination of factors? Without a good means to collect all the necessary data, how does the merchant or the mill sort out the situation?" Abrams said.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MILL
EXPLANATION OF PROBLEM
PAPER DETAILS
PRINTER
PRINTING DETAILS
PLANT CONDITIONS
MERCHANT
DISPOSITION
AUTHORIZATION SIGNATURES
QUALITY REPORT
napim

The form itself serves as a guide to the investigation, taking the user through the basic information needed, including: Where and when the problem was discovered, the paper details, printing and ink details, finishing, plant conditions, action taken and disposition. The form itself is an easy-to-use method of evaluation — all on one 8½ x 11 sheet.

"We do not expect the form itself to resolve the situation," said Abrams, "because what it really does is advise the interested parties of the details involved. I wish it would work like a computer: punch in all the data, and out pops the answer.

"This form is really a helpful tool," Abrams added. "Very often, the problem with a print job is complicated and the situation must be documented before the details are lost to time. But, it is the people involved — human beings — who must resolve the printing concern. What we are suggesting with this form is that, if we get better information into the hands of those who need it, there is a better chance that they can make a determination quickly," concluded Abrams.

It is expected that the form will be used primarily by printing paper merchants with their customers. But, all printers are expected to have this form on hand for use when needed.

The National Paper Trade Association is making this form available to its membership as are the other trade groups. Other interested parties and suppliers to the graphic arts community should contact the NPTA Communications Department for more information on the availability of the form.

Industrial Paper

What's ahead for the maintenance supplies distributor?

Those distributors who primarily sell maintenance supplies (who also carry paper products) are looking to the future of their industry. Reported in the February, 1984 issue of *Maintenance Supplies* magazine are a few examples of changes taking place in this industry:

1. Some suppliers are only selling carload quantities to distributors.
2. Distributors need more physical space for warehousing and operations to achieve their growth plans.
3. The distributor's sales territory is expanding.
4. Distributors are researching new areas to sell sanitary supplies and equipment.
5. Supplier-distributor relations are growing in importance especially in determining the needs of specific markets.
6. Distributors are becoming larger and some may become "national."

1984 will be a big year for industrial advertisers

This year should see a 20% increase in advertising allocations over 1983 levels for industrial marketers, reports the Research Institute of America (RIA). And this will happen, states *Industrial Marketing* magazine at the expense of direct mail advertising.

While space advertising allocations are on the rise, RIA cautions, an increase in inquiries that these advertisements will generate often cause problems for a company. Potential customers must be answered immediately or they will go elsewhere. A plan should be devised to handle a sudden barrage of calls so the company's sales operation will not be thrown for a loop.

Paper distributors who are planning to use advertising more heavily later in 1984 should plan now. Attention should be given to service level and product availability in addition to manpower planning. Advertising can pay off for the paper merchant who is ready for it.

Purchasing managers see strong demand continuing for paperboard and kraft

NAPM, the National Association of Purchasing Management, stated in their February "Commodity Reports" that demand is continuing for industrial paper grades.

Paperboard

Solid bleached sulphate board demand has been good and prices have been steady. Recycled paperboard demand also remained good. Linerboard demand was strong and corrugated box manufacturers were happy about their prospects, stated NAPM. Purchasing managers, though, were concerned about costs in this area.

Kraft papers

Northern natural kraft MF and MG paper users were able to get what they needed. There also was a resurgence in demand for carbonized paper. There has been a price increase in this area.

The lure of the paper container

What is it about paper containers that is generating so much interest? Simply, they represent a 30-50% savings over bottles and cans. That should not be forgotten, but there is more to the story.

Most aseptic packaging does not require refrigeration in shipping and storage. This fact is helping sales climb. Projections for 1984-85, states *Business Week*, are for a 100% increase in the market share of paper packaged fruit juices and fruit drinks. Currently, paper bottles have garnered 5% of the fruit juice and 20% of the fruit drink markets.

It is expected that paper bottles will be getting bigger, too. Planning is underway for a resealable half-gallon package that should be on the market in 1985 and will target milk sales. Soft drinks may be next, experts say, followed by wine.

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DIMENSIONS IN TRAINING

If training is the question, NPTA has the answer

Training *is not always* the answer to a company's personnel productivity question, but it might be. How does an executive find out?

Answer the following questions:

- Is management receptive to new ideas and technological change?
- Does each employee have a positive attitude toward his or her tasks?
- Do people in the company know what is expected of them?
- Do they understand their jobs?
- Do they know the standards of performance for their jobs?
- Do employees receive feedback from their managers on how they are doing?
- Is success rewarded?

If a paper distribution executive can answer "yes" to each of the questions above, this would indicate that a healthy environment exists in that company. Training, in this case, will have a positive affect on personnel productivity if it is directed at further skill development and increasing job knowledge.

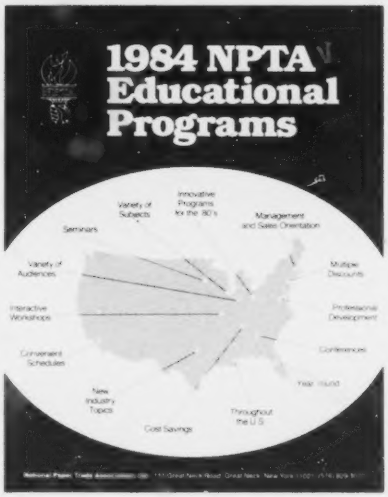
Do something about training now

After assessing paper merchants' needs and interests, NPTA has developed a multi-faceted educational program for 1984. Investment in training now can provide greater personnel productivity, more bottom-line dollars, and a positive impact which will aid the company's performance beyond the rest of this calendar year.

Seminars, workshops and conferences require an investment in time and money. Is it worth it? Like any other investment, the potential return must be great enough to justify the time and expense. NPTA has designed its programs to fill specific training objectives for its members, thus insuring that the sessions presented will provide the expected return.

Structuring success

There are four basic rules to follow when a company invests in training:



1. ensure that a deficit in knowledge and skills is, in fact, the real concern
2. focus on specific applications
3. be sure that the training will be relevant and effective
4. make sure that the training is well integrated in the organization

If these rules are followed, a company will know the reasons for its training commitment. But using training to shore up weak spots in personnel skills may not give an executive the results he or she wants. The reason for this lies not in the training itself, but in the company's goals and objectives.

Goal setting

Use training to meet company goals.

These may be to:

- increase productivity of a specific company function or department
- develop new knowledge skills, understandings or attitudes
- introduce new technology or techniques into the company
- prepare people for advancement or improve manpower development

Company goals may vary, but having specific objectives for the company will help keep training on target. This ensures that the firm gets the most from each dollar invested in the training function.

A variety of programs are offered

Workshops

Workshops are one-day sessions which are highly interactive in nature. These require participation and are usually geared to middle management. *Telemarketing - The Key To Maximizing Your Sales Efforts* is being offered three times this year, as are *Successful Inventory Management For The Wholesale Paper Distributor* and *Dynamic Collection Techniques*.

Seminars

A more in-depth training session is the seminar. These programs are usually geared to middle and top management. These include: *The Keys To Growth As A Sales Manager, Productive Opportunities For Paper Merchants, Compensating Your Marketing Personnel*, and the *Profit Improvement Day* seminar.

Conferences

A conference is a series of workshops and round-table discussions on a particular topic. In 1984, NPTA will hold two conferences: *Trends In Paper Distribution Computerization* and the *Sales Development Conference*.

Professional selling

The *Professional Selling Skills* (PSS) seminars are held on an individual company basis. These programs are designed to give new skills and tools to improve a salesperson's ability to sell. Over 3,000 industry salespeople have been trained by this method. The NPTA Education and Training Department can tailor a program to meet company needs.

The NPTA Education and Training Committee has designed the 1984 training schedule around member needs. Good programs, flexible schedules, reduced rates, and conveniently located makes the NPTA training series a most valuable resource to the paper distribution industry.

Paper Towels Stack Up Against The Competition

Part II:

Cloth roll towels: Their story just doesn't wash

By: Michael D. Shackelford
Washroom Marketing
Business Manager
Commercial Products Division
Scott Paper Company

You've just finished washing your hands and face, and you're ready to go back to work. You walk up to the towel cabinet and...

There, staring you in the face is a piece of soiled, sopping wet and wrinkled material with which you're supposed to dry yourself. You reach in your pocket, pull out your handkerchief, do the best you can with what's at hand, and walk out all a-mutter.

That's one aspect of cloth roll towels. But let's assume you're going to tough it out. You pinch the smallest edge possible, with thumb and finger on either edge of the cloth roll towel, pull it, and draw down the next unused portion.

Relieved, you then dry your hands with a towel which, between you and the pervious users has been washed. It's a little awkward since you dry your hands **where** the towel wants you to, not where you want to, but you succeed in getting your hands dry.

You pull down another length of clean cloth roll towel, bend over to dry your face, trying to avoid hitting your head on the cabinet. If you ever have hit your head, you would probably prefer your handkerchief or, lacking that, your necktie, and do as well as you can to save face and walk out the door. That's another aspect of cloth roll towels.

Or, you stand there dripping wet only to find that the clean portion of the roll cloth has been completely used. Now what do you do? You can use the already used portion or resort to toilet tissue or your handkerchief.

There's not much choice, especially realizing that cloth roll towels don't provide much service between replacements.

Maintenance costs

How amazed these cloth roll towel customers would be if they'd take the time to calculate the **hidden costs** - ignore for the moment the inconvenience and poor appearance - to which they're subjected.

Maintenance, for example, and it is an important example since fully 85 percent of the cost of operating a washroom is labor.

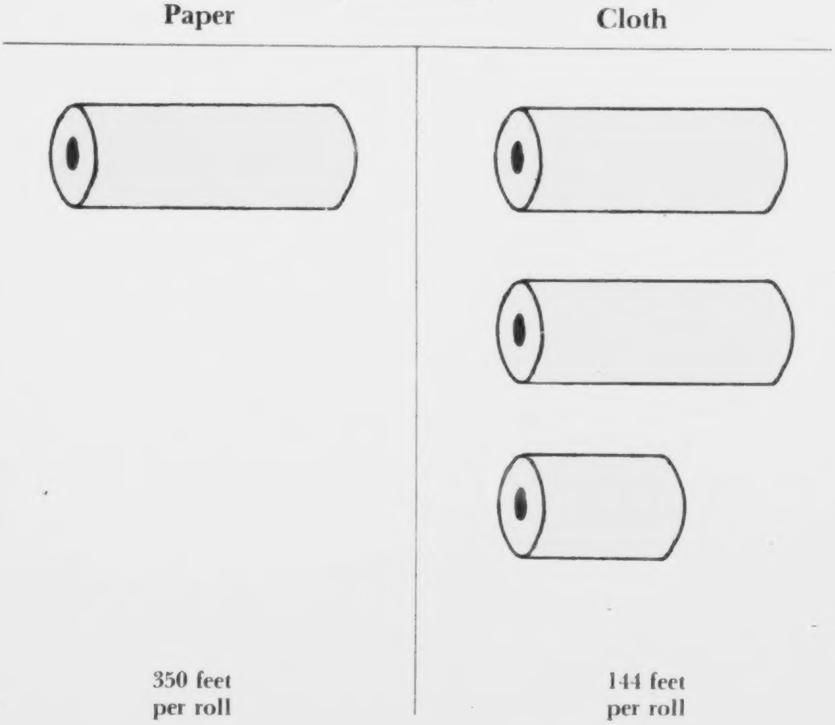
Time-and-motion studies have shown that it requires three minutes of a skilled worker's time to remove a used roll of cloth toweling and replace it with a fresh length. To reload a paper roll towel dispenser - the numbers are based on our studies of a Scott cabinet - requires only 15 seconds. Thus, it takes **12 times longer** to resupply a cloth roll towel cabinet than it does a Scott paper roll towel cabinet.

(Continued on P. 8)

Benefits of Paper Towels Over Roll Cloth Towels

- *saves time*
- *saves money*
- *lower maintenance costs*
- *lower usage costs*
- *better sanitation*
- *easier to use*
- *users prefer paper*

233 Hand dries
Roll length: Paper vs. Cloth
(On Average)



Toss that to your prospect and let him make his own calculations in the context of what he's paying his custodians or janitorial service. But that's just the top of a very deep financial pit.

> *You pay for 50 yards of cloth, but at best, you are able to use only 48 yards.*

Usage costs

When you rent a cloth roll towel, you can figure that it is 50 yards long. But you can't really count on the length because of two factors: One is the "wind up" - you lose a yard of cloth roll toweling to the dispensing retrieving mechanisms within the cabinet. The second factor is shrinkage. Very conservatively,

CALENDAR of EVENTS

April

4. Telemarketing - The Key to Maximizing Your Sales Efforts. NPTA workshop in New York City at the Sheraton Inn at LaGuardia Airport.

26. Dynamic Collection Techniques. NPTA workshop at the Radisson South Hotel in Minneapolis, MN.

30. Profit Improvement Day. NPTA seminar at the Colony Square Hotel in Atlanta, GA.

May

17. The Graphics Gala. Part of Printing Industries of Metropolitan New York Graphic Arts Exhibition. Grand Hyatt Hotel, New York City.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

another yard of cloth roll toweling goes on the debt side when it's washed.

You pay for 50 yards of cloth, but at best, you are able to use only 48 yards. You're left with 1728 inches of usable cloth roll toweling. Now, figure that on average somebody drying his hands and face will use 18 inches of cloth. The mathematics of it all say that each roll of cloth toweling is good for 96 dries.

So, is that bad? Yes, it is and here's why. Most paper roll towel dispensers carry a standard length of 4,200 inches, which is over 233 dries if we continue to use the 18 inches per dry factor.

> *...it requires up to 29 times more manpower to keep a cloth towel cabinet filled than it does a paper roll towel dispenser.*

That's over **2.4 times** the capacity of a cloth roll towel cabinet. But let's be conservative and simply figure that for every time you must refill a paper roll towel dispenser, you must unload and reload a cloth roll towel dispenser 2.4 times.

Again, think of maintenance costs: for every hour required to service a roll towel cabinet, the cloth roll towel user must pay for 29 hours of a maintenance man's time. (A paper roll carries 2.4 times the material and cloth rolls take 12 times longer to change.)

What that means is that it requires up to 29 times more manpower to keep a cloth towel cabinet filled than it does a paper roll towel dispenser. (Larger paper roll cabinets are available that increase both savings and reduce labor costs further.) Add that to your own calculation of the relative cost per dry of the two different toweling systems - cloth and paper - and your economic arguments are doubly persuasive.

(Continued on P. 10)

CHAIRMAN'S CORNER

Regional Merchant Associations

LIONEL ELTIS
NPTA's Chairman of the Board

One of the more pleasant tasks I have assigned myself during my tenure as chairman of NPTA has been to attend regional paper trade association meetings. My purpose for this is three fold.

First, I want to bring the message of NPTA activities to the industry. Since at least 70% of all regional association members are also members of NPTA, my attendance is productive.

The second part of this is that it gives me an opportunity to hear from the industry. I do want the opinions, comments and suggestions about what NPTA should be doing.

And finally, my visits to regional trade groups shows NPTA support of their worthwhile activities. NPTA supports their actions because these associations perform a vital function for the paper distribution industry. I just returned from trips to two long-standing groups: The Southwestern Paper Merchants Association and the Paper Trade Association of Philadelphia. I am happy to report that these groups are healthy and strong.

Someone might ask why they should belong to both national and regional associations. Is there a duplication of benefits? I say no. There are different services to be provided by each group.

Some regionals perform local labor negotiating and provide credit exchange information. Most regional associations conduct surveys of local business customs, such as holidays, vacations, salaries, etc.

One of the most important functions handled by the 14 regional groups is education. Each has at least two meetings each year where management related topics are discussed. This affords paper merchants a chance to improve their skills or the skills of their people with a minimum of travel and expense.

Regional associations also provide a forum where paper merchants and suppliers can discuss the industry issues of the day in a legal, controlled way. The social opportunities to meet away from the place of day-to-day business enhances the depth and quality of the educational and informational exchange among members of the trade.

I appreciate and support the efforts of the regional paper trade associations and encourage them to expand their membership service packages. If you are not a member of a regional group, I urge you to find out what they have to offer. If you are a member already, participate in order to gain the maximum value for your membership investment.

Maintenance cost example

Let's use the example reported in Part I: A company with 500 employees. The custodian must maintain the washroom with toweling. Assume that the pay scale is $7 per hour for custodial service.

If each person visits the washroom four times each day, this means that the employees use 36,000 inches of drying material each day. If there are 24 towel dispensers, it means that approximately 11,500 inches of material will be used each day in each cabinet.

For the custodian, this requires him to change cloth rolls in each cabinet almost once each day, but for paper, resupply happens about once every three days. And remember, roll cloth takes 12 times longer to service.

For 240 working days each year, it actually comes out to **nine** hours of labor total for roll paper compared with **261** hours for roll cloth. That's $63 per year for paper in our example, compared with $1,827 for roll cloth. A major difference!

The sanitation question

Equally strong is the problem of sanitation. A 1968 study appearing in the *American Journal of Public Health* has a few things to say about that. For example, it notes that "...paper towels have substantially fewer, recoverable, viable bacteria on them than cloth towels of the continuous type..."

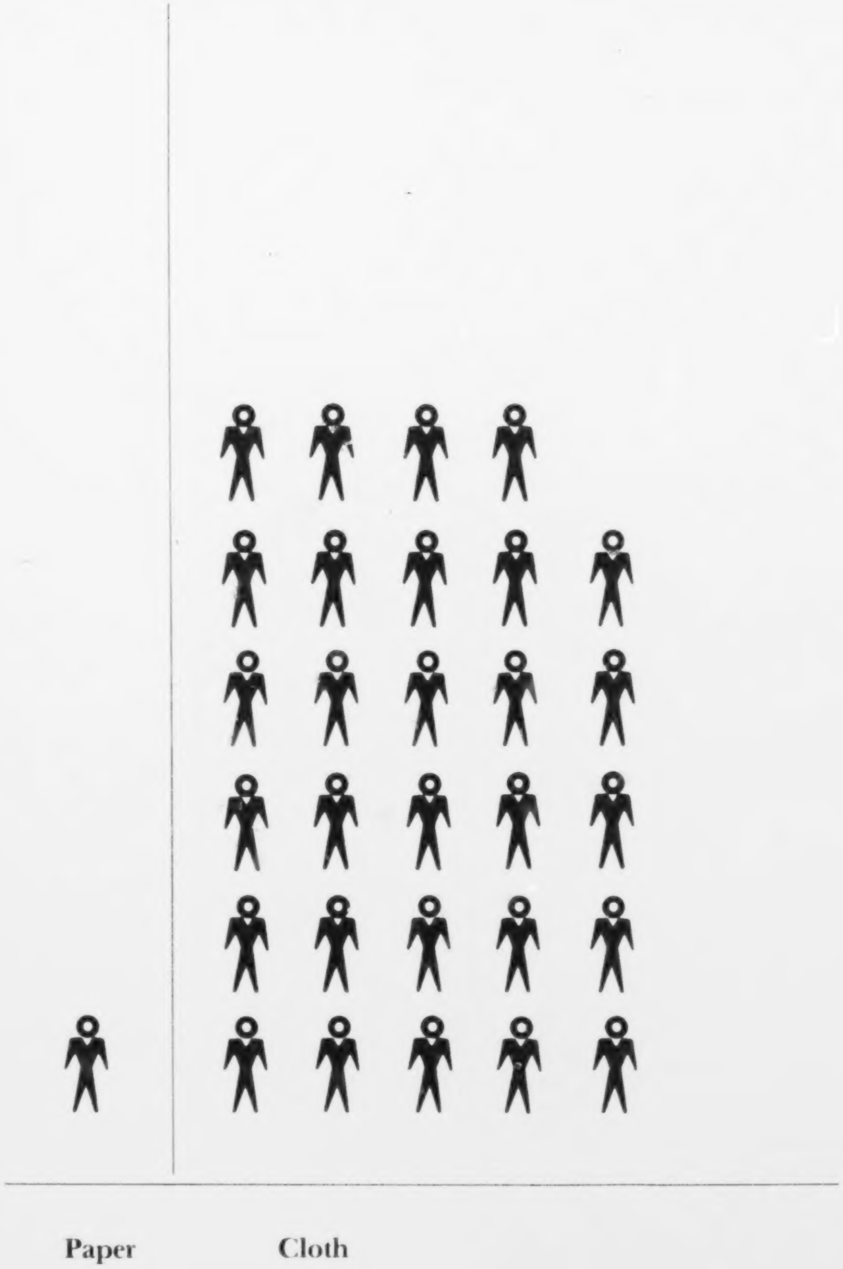
Then the *Journal* article concludes after several statements in the same vein that "...from public health and aesthetic standpoints, paper towels are superior to cloth towels, as dispensed or made available in the United States today."

There is little to suggest that things are different today, nor that an independent study conducted for Scott some years ago at the Philadelphia International Airport is not still valid. Reported the researchers: Paper towels were preferred *five-to-one* among both men and women.

Of course, we already *knew* that.

Maintenance Manpower:

Roll Towels - Paper vs. Cloth



Physical distribution in the 1980's may rely on the movement of information

The National Council of Physical Distribution Management (NCPDM) of Oak Brook, Illinois is a professional organization of 4500 business persons sharing an interest in transportation, warehousing, material handling and related fields. In 1983, NCPDM applied the "Delphi" survey technique to develop a prioritized list of expected trends impacting distribution now and into the 1990's. This Delphi method projects future trends based on the experience and perceptions of industry leaders.

The study, performed over several months, asked a panel of 100 leading thinkers in business management (manufacturers, merchandisers, carriers warehousers, consultants, educators) to respond to a list of open-ended questions, such as: "What do you see as the economic, social, business and other environmental trends that will have an important impact on physical distribution by 1990?" This group was also asked to identify today's important business issues that will be of little or no concern in 1990, and issues expected to be significant by that time that are unimportant today.

In the study's second phase, unstructured data from respondents was converted to trend statements, and then ranked in order of potential impact and importance. The goal was to reach a consensus about key trends over the next few years. Once these key trends were identified, the panel was asked to project a list of the 20 most important ones affecting distribution professionals through 1990.

Several categories of trends emerged - namely:

1) **Computer-Based Information**
2) **Domestic Economics**
3) **Tactics and Strategies**

Following is a summary of the key trends identified within these major categories...

Computer-Based Information

- Better decision-making resulting from improved computer-based information: Leading organizations will become more sophisticated in data management. (96.7% of panelists agree).
- Increased productivity resulting from automation and computerization: Opportunity exists to lower costs *and* improve service. (91.8% agree).
- Improved control via increased computer-to-computer interfaces: More control is inevitable in areas such as order entry, warehouse information and carrier tracing. (91.8% agree).
- *Information* will replace inventory as a supply demand buffer: Inventory investment will be increasingly challenged. (88.5% agree).
- Increased use of personal computers: The ability to perform fast, accurate "what-if" analyses will be important. (91.8% agree).

Domestic economics

- New capital formation is needed for modernization of facilities and plants: National policies must provide more incentive for capital formation. (93.4% agree).
- A shift in the economic base from smokestack industries to high-tech services: Panelists debated whether the trend was beginning or nearly over. (90.2% agree).
- There will be slow economic growth with relatively low inflation - under 6%. (60.7% agree).
- The labor force will become more knowledgaeble and better-trained: Business will demand expanded education and professional development programs to meet trends in computers and international competition. (68.9% agree).
- Population concentration will continue to shift from Northeast to Sunbelt: This will have relatively small impact on distribution management in most companies. (72.1% agree).

Tactics & Strategies

- Multi-modal, full-service transportation companies will emerge: With improved data about product movement, shippers can negotiate package deals more effectively. (88.5% agree).
- Increased emphasis will be put on strategic planning: Fully integrated systems must be planned and implemented to exploit business opportunities. (82% agree).
- Federal Government regulation of transportation will continue to decline. (78.7% agree).
- Retail and wholesale inventories will be reduced through increased use of direct delivery: Better data systems, combined with cross-dock-type arrangements, will stimulate direct delivery networks. (67.2% agree).

Summary

These key trends suggest that distribution managers must:

1) be prepared to make full, creative use of information technology

2) assume a responsible role in promoting international distribution expertise

3) plan effectively to deal with and optimize the social, economic and political changes impacting distribution.

Chief among the implications of the Delphi study is the assertion that distribution managers must prepare themselves to take advantage of the information revolution. Logistics managers and staff, as well as top and middle management, must become computer-competent. In logistics, there is little choice but to embark upon dynamic professional development programs if all levels of distribution management and staff are to keep pace.

NPTA realizes that the NCPDM does not deal specifically with the paper distribution business, but the findings of this survey are discussed here as potentially useful information, applicable to the distribution field overall of which the paper merchant is a participant.

THE MANAGER'S NOTEBOOK

Light-up sales with matchbook advertising

You don't have to be pushing night school degrees, learning to draw or restaurants to use matchbook advertising. Statistics reported in **Business Marketing** *showed that of the 1,000 top executives surveyed, 32% of respondents remembered the matchbook's message while only 12% recalled a flyer received.*

Two weeks after receiving a matchbook in the mail, 64% still had the matchbook; after two months, 38% **still had it**. *The overall recall rate for matchbook messages was 59% vs. 17% for the flyer.*

Moral: *Put your message on a matchbook and send it to prospects. It's one advertisement they just can't throw away.*

Your truck is a moving billboard

Research has shown that a message on a truck yields 100 impressions per hour on the highway and 300 per hour in the city. That is three to four million impressions per year for each of your trucks!

You have three moving billboard opportunities on each truck: The two sides and the back. Make sure you use your trucks to your best advantage. The printed message your truck carries is most important. And almost as important is the way your truck looks. It is a moving representative of your company: keep it clean, well maintained, and ask drivers to be courteous.

Do you know the warning signs of understress?

Understress for working people may not be dangerous, but it certainly can limit productivity. A work underload does not challenge one's potential nearly enough, states authors Stern and Zemke in their book **Stressless Selling.**

Here are some of the warning signs that you or your employees have fallen victim to the dreaded malady **understress:**

1. *Need for a frequent pick-me-up (food, coffee, soda, cigarettes) at work*
2. *Minds that wander during meetings*
3. *Feeling low or flat at work*
4. *Being tired at work, but becoming energized when reaching home*
5. *Dragging yourself out of bed in the morning*
6. *Dissatisfaction with your job for no obvious reasons*
7. *Few feelings of pride about tasks accomplished.*

Remember: *Manageable stress is necessary to get work done and to make life interesting.*

PAPER MERCHANT SALES REPORT

FEBRUARY, 1984

	NPTA REGIONS	SALES PER SELLING DAY FEBRUARY 1984 -COMPARED TO- FEBRUARY 1983	SALES PER SELLING DAY FEBRUARY 1984 -COMPARED TO- JANUARY 1984	SALES PER SELLING DAY 1984 YEAR-TO-DATE -COMPARED TO- 1983 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF FEBRUARY		CALENDAR DAYS' COST* OF ENDING JANUARY INVENTORY	
					1983	1984	1983	1984
INDUSTRIAL	1	- 1.5%	- 7.7%	+ 1.9%	44	48	58	53
	2	+19.0%	+ 3.4%	+18.5%	36	38	53	53
	3	+15.4%	+ 3.0%	+16.1%	33	39	67	67
	4	+16.5%	- 2.8%	+19.7%	33	39	64	61
	5	+13.6%	+ 3.4%	+11.7%	31	37	66	64
	6	+14.3%	+ 6.2%	+15.0%	37	44	58	--
	7	+ 7.0%	- 0.5%	+ 4.0%	35	40	65	71
	NY METRO	+ 9.0%	+ 3.3%	+ 9.7%	41	44	--	--
	CHICAGO METRO	+18.4%	+10.9%	+21.5%	39	41	67	--
	LA METRO	+15.3%	+ 0.6%	+12.1%	43	50	65	60
	US	+14.0%	+ 1.5%	+14.5%	35	41	62	61
PRINTING	1	+22.8%	+ 4.9%	+18.2%	52	59	63	--
	2	+34.8%	+ 9.2%	+30.6%	43	47	67	65
	3	+26.9%	- 2.1%	+35.7%	43	43	85	87
	4	+28.3%	+ 4.1%	+31.3%	41	43	76	73
	5	+21.7%	- 2.2%	+21.2%	38	45	61	87
	6	+25.6%	+ 5.6%	+16.0%	40	39	73	--
	7	+18.6%	+ 7.1%	+17.1%	41	44	78	89
	NY METRO	+44.3%	+14.6%	+40.5%	43	43	61	--
	CHICAGO METRO	+25.6%	+ 5.6%	+24.7%	41	45	81	--
	LA METRO	+25.4%	+ 3.2%	+27.8%	39	42	60	87
	US	+28.5%	+ 4.9%	+28.1%	42	45	71	82

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC, TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

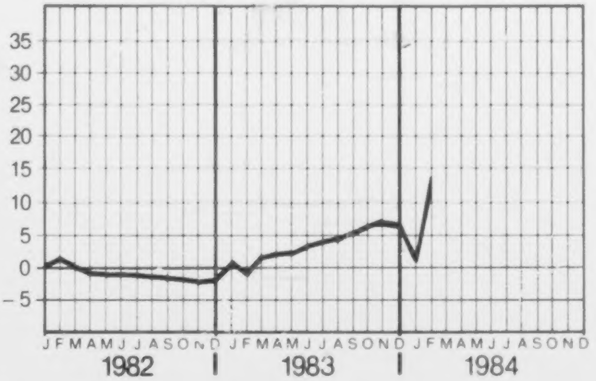
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

Paper Merchant Sales Report
Summary National Trend Information: 1982 TO PRESENT

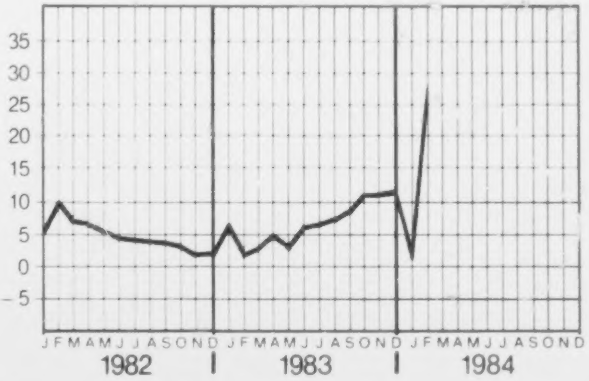
SALES INFORMATION:

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY



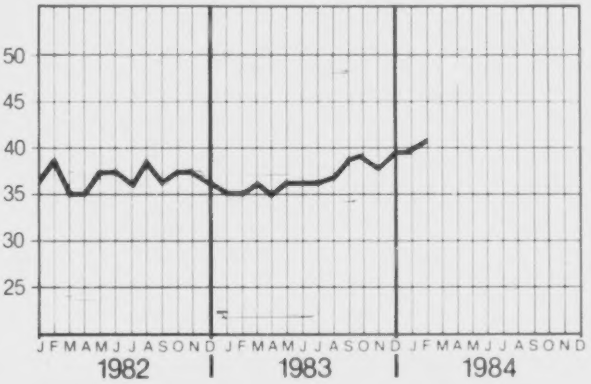
PRINTING PAPER SALES NATIONALLY



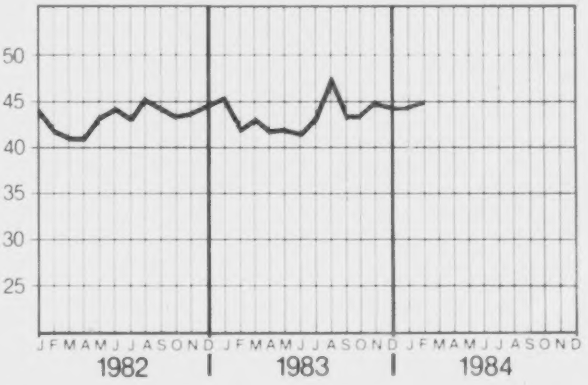
RECEIVABLES INFORMATION:

DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



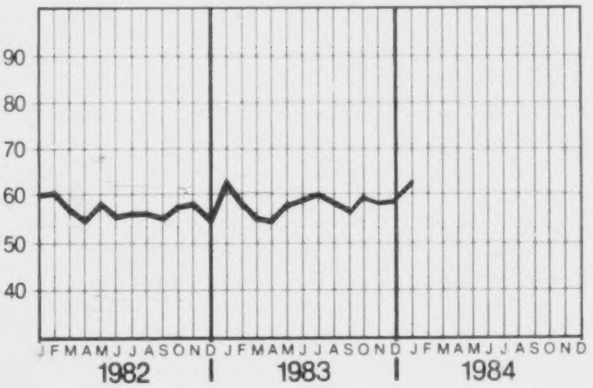
PRINTING PAPER RECEIVABLES NATIONALLY



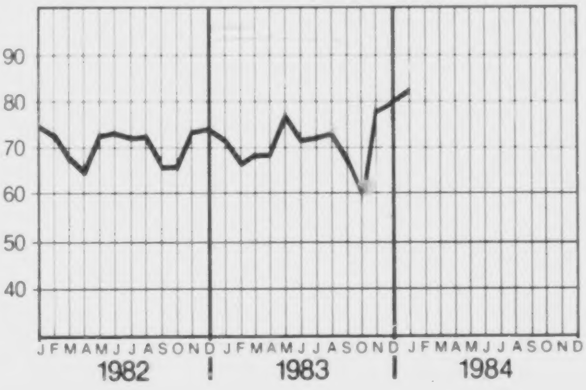
INVENTORY INFORMATION:

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



IRS now requires withholding on non-job related educational expenses

Employers must begin withholding taxes on 1984 payments to workers for educational expenses that are unrelated to the employee's current job, an Internal Revenue Service spokesman said in January. Amounts paid by employers for educational assistance were excluded from taxation under Section 127 of the Internal Revenue Code.

However, the exclusion expired December 31, 1983, and the Treasury Department said it has no authority to waive the income and Social Security tax withholding rules. Congress attempted to continue the exclusion last year, but failed to pass a bill before the December 31 deadline. The staff of the congressional tax-writing committees have indicated that a two-year exclusion will be included in any major tax legislation passed during 1984.

Educational assistance has become an increasingly popular form of employee benefit for many employers. While job-related education and training is certainly the more prevalent form of tuition expense, many employers have begun to allow employees to pursue degree programs which may not directly relate to their present job. Employers who offer tuition reimbursement should check carefully to ensure that they are in full compliance with the present IRS Code.

Multiemployer pension plan reform is on the way in 1984

Problems with the Multiemployer Pension Plan (MPPAA) legislation persisted throughout 1983 for wholesalers. Getting law-makers to consider modifications to MPPAA proved to be no easy task, stated the National Association of Wholesaler-Distributors.

Under MPPAA, withdrawal liability can be triggered by either a total or partial cessation of employer pension contributions. At times, this may exceed the net worth of the company involved.

On February 9, Rep. John Erlenborn (R-IL), ranking member of the House Education and Labor Committee introduced legislation designed to address the growing problems with the nation's multiemployer pension system. The No-Fault Multiemployer Plan Termination Insurance Reform Act of 1984 (H.R. 4834), cosponsored by Reps. Margaret Roukema (R-NJ), Steve Bartlett (R-TX) and Rod Chandler (R-WA) would improve on the goals of the Multiemployer Pension Plan Amendment Act of 1980.

It would do this by addressing plan underfunding as the major weakness leading to plan instability and system stagnation. Further, it would target special relief for beleaguered plans in the trucking and warehousing industries, and allow non-abusive normal business transactions in multiemployer industries to proceed without unwarranted regulation.

Erlenborn told his colleagues that the adoption of his measure would "lead to the elimination of unnecessary barriers to increased employer participation in multiemployer plans, to greater plan financial stability, to the enhancement of employee pension security, and to a more stable long-term outlook for the multiemployer plan termination insurance system as a whole."

Major supreme court decision on bankruptcy launches firestorm of debate

In a major reversal of NLRB policy and a significant blow to organized labor, states the Government Affairs Department on Printing Industries of America (PIA), the Supreme Court rejected union arguments that the cancellation of a collective bargaining agreement in the face of pending bankruptcy proceedings is unconstitutional.

In a 5-4 decision, the Court ruled that an employer has a right to cancel the provisions of a collective bargaining agreement when the financial condition of the company makes adherence to the terms of the contract impossible. The decision marked a major defeat for the AFL-CIO which has vowed to carry the fight to Congress. Unions are advocating legislation that would make it virtually impossible for a company to renounce a contract even in the face of pending financial disaster.

The unions have argued that the recent cases of Continental and Braniff airlines have highlighted the need to amend the nation's bankruptcy laws to preserve the integrity of labor contracts. The Supreme Court was unanimous, however, in finding that collective bargaining agreements are executory contracts covered by the Bankruptcy Code. The Justices agreed that bankruptcy judges should permit an employer to reject a union contract upon showing that the agreement "burdens the estate, and after careful scrutiny, the equities balance in favor of rejecting the labor contract."

While the AFL-CIO is expected to push hard for action on this issue this year, Congress will likely be reluctant to take so bold a step as reversing a Supreme Court decision during an election year, states PIA.

1984 NPTA Convention registration information to come

The mailing of Convention registration materials to all member companies is now scheduled to go in the mail in May. All company presidents and branch managers will be receiving complete packets.

The details of the 1984 Convention program will appear in the June issue of *Management News*. Plan now to be in Chicago for the *event of the year* for paper distributors: The NPTA Annual Convention and Paper/Plastics and Allied Products Exposition, September 22-25, 1984 at the Hyatt Regency Chicago Hotel.

Free Performance Analysis - deadline extended

NPTA offers all member firms a **free** confidential Performance Analysis Report (PAR) of their companies. The deadline for receipt of the questionnaire by the consulting firm which will do the analysis (Management Foresight, Inc.) has been extended to April 15, 1984.

If you have not received the questionnaire, or would like another copy or have any questions about participation, contact John LaRosa, NPTA director of research at 516-829-3070.

Announcement policy

Your Association runs announcements on this page from time-to-time and many members request this service. If you are interested in a free announcement here, please note the following:

1. Those who are unemployed in the paper industry may have an announcement of their availability on this page at no charge.
2. Companies with a "position available" may *not* use this page for an announcement.
3. Companies wishing to sell a used piece of equipment may offer it here at no charge.
4. Companies for sale may be listed here at no charge.
5. Other specific requests must be directed to the Communications Department for review.

Resumes of those who are seeking employment are kept on file at NPTA. When a member firm requests the resume of someone listed on this page, a copy is sent. No record is kept of those companies requesting resumes and no report is made to the candidate. What the individual company does with the resume when it is received from NPTA is solely the business of the member firm.

Should there be any requests or need for further clarification, contact Bill Frohlich, director of communications at NPTA Headquarters, 516-829-3070.

Members endorse NPTA's seminars

With a steady upturn in the economy, paper merchants have begun to recognize that a key to future growth and profitability lies in the many workshops, seminars and conferences developed for them. The growth and popularity of these programs testifies to this.

During 1982, 86 merchants attended NPTA programs, contrasted with 321 in 1983 — a 373% increase in attendance. This represented a 265% increase in company participation (77 companies in 1982 vs 204 in 1983).

All signs now point to 1984 as being even more successful. In its first seminar "Productive Marketing Management For Paper Wholesalers" presented by Bruce Merrifield, 40 merchants were in attendance. "Successful Inventory Management For The Wholesale Paper Distributor" presented by Gordon Graham drew an audience of 43 on March 20. To accommodate an additional 22 merchants, another program was scheduled again on March 22. There are still two more opportunities to attend this workshop: August 30 in Boston, and February 14, 1985 in Nashville.

NPTA members who participate in two NPTA programs receive a 35% discount off the registration fee of a third.

NPTA
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NPTA MANAGEMENT NEWS

May, 1984

Highlights

Seven firms receive membership in NPTA

Congratulations to Affiliated Paper Companies, Inc., American Paper Corp., Fabricas De Papel Loreto Y Pena Pobre, S.A., Holmberg Company, Inc., Koffman Products Inc., Queensboro Paper Corp., St. Jon Packaging Company, Inc. All members, directors and staff wish them much success in the year ahead. (P. 2)

Financial printers may be hurt by SEC

The Security and Exchange Commission's new "paperless" system for handling the six million pages of material filed with them each year may cause problems for financial printers. (P. 4)

Paper sold by maintenance suppliers

A survey just released by *Maintenance Supplies* magazine shows just how much paper is sold by distributors of sanitary supplies and equipment. (P. 5)

Leaner inventories a fact of the 80s

Paper merchants have been running their inventories leaner than distributors of other commodities. Apparently, this trend will not change in the foreseeable future. (P. 6)

The NPTA annual report

NPTA reports on its programs, income and expenses for the year ending February 29, 1984. The Association has grown by more than 20% in the previous year. (P. 7)

Collect your receivables

In an exclusive article written for *Management News* by Robert B. Thompson, the "why" and "how" of receivables collection for paper distributors is explored. (P. 10)

Is your insurance coverage enough?

The National Association of Wholesaler-Distributors surveyed all wholesalers and paper distributor members of NPTA and found the average insurance paid in the industry. (P. 16)

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NATIONAL PAPER TRADE ASSOCIATION, inc.

NEWS OF PAPER TRADE ACTIVITIES

Seven distributors receive membership in NPTA

The following companies have received membership in the National Paper Trade Association:

Affiliated Paper Companies, Inc.
1101 Greensboro Avenue
Tuscaloosa, AL 35402
Robert E. Keith, President
established: 1977
locations: 18
type: industrial

American Paper Corp.
Escorial Street #18
GPO 3304
San Juan, PR 00936
Serafin E. Inclan, President
established: 1982
location: 1
type: printing

Fabricas De Papel Loreto Y Pena Pobre, S.A.
Altamirano 46 San Angel
Mexico, D.F. 01090
Ing. Jorge Gonzalez Gomez, President
established: 1905
locations: 18
type: dual

Holmberg Company, Inc.
13820 Industrial Paper Blvd.
Minneapolis, MN 55441
Albert Holmberg, President
established: 1959
location: 1
type: printing

Koffman Products, Inc.
555 Broadway
P.O. Box 1329
Haverhill, MA 01830
Harold Heifetz, President
established: 1936
location: 1
type: industrial

Queensboro Paper Co.
95-26 Sutphin Blvd.
Jamaica, NY 11435
William C. Carrier, President
established: 1938
location: 1
type: printing

St. Jon Packaging Company, Inc.
41 Haig Street
P.O. Box 1244
Hamden, CT 06514
Michael B. Kasper, President
established: 1967
location: 2
type: industrial

People in the News

John M. Slattery has been appointed director of industrial relations for the Butler Paper Company and Nekoosa Envelopes, Inc.

Frank P. Nocella, CPA has been elected treasurer of Bulkley Dunton in New York City.

Ron Grahf was promoted to the position of vice president operations at Alpine Paper Company of Rockford, IL.

Richard T. O'Brien has been promoted by the Seneca Paper Company to the position of general manager of its Rochester, NY Division. The company also named **Donald A. Betz** as corporate merchandising manager, and **Arthur L. Bascomb** has become general manager of the company's Buffalo, NY Division.

Patrick F. Brennan has been named corporate vice president of Consolidated Papers.

James H. Frick, Jr. was elected corporate vice president marketing and sales for the S.D. Warren Division of Scott Paper.

Robert F. Meyer was named vice president and assistant to the president of the Hammermill Papers Group.

Earl E. Brotherton has been named senior vice president of the Container Group of Crown Zellerbach.

John S. Candler was elected executive vice president of the Ecusta Paper & Film Group of the Olin Corporation.

Robert J. Lanigan, has been elected chairman of Owens-Illinois. He will continue as president and CEO, and succeeds **Edwin Dodd** who retired.

Charles E. Faries, Jr. was named vice president of Boise Cascade. He will be assigned to long range planning and evaluation of business opportunities.

E. Richard Weiler has been named vice president of operations at the Strathmore Paper Company.

Edward J. Daleski was named eastern regional sales manager for the Potlatch Corporation's Northwest Paper Division.

Supplier Activity

Bowater: The Bowater Corporation PLC, one of the largest paper manufacturers in the world, has announced plans to split into two companies. One part would be based in the United States and the other in Great Britain. Lord Erroll of Hale, chairman of Bowater said that this change will "create two distinct groups with sound financial and operational bases from which they will be better placed to develop their separate activities."

Dixie/Marathon: In preparing for the summer olympics, the U.S. team is using the Training Center in Colorado Springs, CO. And they are using Dixie products the company reports. Dixie Marathon is the official supplier of foodservice and sanitary disposables for the Center. In addition, Dixie Marathon products are being used in the Sports Medicine Center and the lodging facilities.

Louisiana-Pacific: The company agreed in principle to sell approximately 56% of its ownership interest in its Alaska facilities to an Employee Stock Ownership Trust (ESOT) to be established by the employees at those operations. The sale price of $50 million will be paid with a combination of cash and notes. Louisiana-Pacific operates more than 100 plants and mills throughout the United States.

MACtac: The company reported that a new distribution facility was added in Dallas, TX. An open house held on February 23, 1984 marked the opening of the new facility. Over 150 companies were in attendance. "MACtac decided to install the new warehouse to better serve its customers in the state of Texas and surrounding geographical areas," said Joseph W. Weldon, the company's vice president of sales and marketing. The new facility is located at 4747 Leston Street.

Lindenmeyr Paper to be acquired by Gottesman

The Lindenmeyr Paper Corporation announced that it has agreed to its acquisition by Central National-Gottesman, the world's largest privately owned pulp and paper company. Both companies are headquartered in New York City.

Lindenmeyr, a printing paper merchant firm, is one of the country's largest privately owned operations. Gottesman is a leader in the sale of wood pulp, newsprint, containerboard, liquid packaging board, and wood products with offices in Atlanta, GA, Minneapolis, MN, and Portland, OR, reports *Printing News*. In addition, Gottesman has offices in 16 foreign countries and representatives in 58 other countries. The combined operation of Gottesman and Lindenmeyr will have 1984 sales, it is estimated, of over $1 billion.

The Lindenmeyr Paper Corporation will operate as an autonomous unit of the parent corporation. Both companies have a long history of serving the paper industry: Lindenmeyr has been doing business in New York for 125 years and Gottesman 98 years.

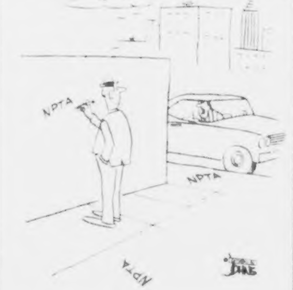
Mead reports increased sales and earnings

The Mead Corporation reported that 1983 sales rose to $2.37 billion in 1983, up 11.2% from the 1982 level of $2.13 billion. Earnings were set at $42.6 million compared with an $85.8 million loss in 1982.

The company's "paper converting and distribution" segment reported 1983 sales of $722.3 million. This represented a 6% increase from 1982 sales of $680.9. Net earnings were $32.7 million on these operations representing a 12.8% increase from the 1982 level of $29 million.

The converting and distribution segment includes the manufacture and distribution of school and office products and the distribution of a full line of paper products.

According to division president Charlie Joiner, earnings improvement last year at Mead Merchants nearly doubled on a modest increase in sales. The reasons cited were improved operating performance and tighter cost control.



"THATS NOT WHAT I MEANT FROHLICH WHEN I SAID GO OUT AND GET THE ASSOCIATION'S NAME BEFORE THE PUBLIC!"

NPTA®

MANAGEMENT NEWS

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MAY, 1984

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Merchant Briefings

Printing Paper

Financial printers may be hurt by new SEC paperless system

Faced with more than six million pages of material filed each year with the Securities and Exchange Commission, the government agency is seeking a "paperless" alternative. And financial printers, reported *Business Week*, may be hit hard.

A computerized system could provide instantaneous access to the information which will benefit the public. Company financial reports would be sent to the SEC via telephone lines digitally on anything from a personal computer to a mainframe. The data would then be captured on the agency's new EDGAR (Electronic Data Gathering And Retrival) computer system.

"Instead of rushing printing reports to the SEC via air courier to meet filing deadlines, companies will be able to wait until literally the last minute before transmitting them electronically," the article stated. The EDGAR system could cut deeply into the $500 million financial printing industry. No one is speculating, though, how severely printers or paper merchants will be hurt.

Expansion of color printing market studied in a new report by NAPL

Increasing customer demand for color printing of all types is the single most significant challenge printers will face during the next two to three years, according to "Opportunity Risk Factors Posed by Today's Color Demand Trends," a special report just published by the National Association of Printers and Lithographers.

The 20-page report, based on a study conducted among printers and buyers, shows how single-color printing is losing its market share to color work, and discusses the changes that are causing this shift from both a marketing and technical standpoint. It details the effects of these changes on individual product segments from catalogs to books.

The report is available through the NPTA Communications Department at $15 per copy.

Printing industry growth in 1984 will be significant

Printers are projecting 1984 sales to climb 13.2% over 1983 levels, states the National Association of Printers and Lithographers (NAPL) in their "Quarterly Printing Industry Business Indicator Report." This will bring total commercial printing in the United States to almost $31 billion.

Also projected is an increase of 1.1% in total employment. The printing industry will employ nearly a half million people this year. This represents 341,000 factory workers and 118,000 sales, administrative and other employees.

The print manufacturing segment of these industries has out-performed the general economy in recent years, according to NAPL data. Although the general economy's shift to a service industry emphasis has caused some dislocation in the printing industry, overall industrial restructuring has had a positive growth-sustaining effect on most graphic arts establishments.

Future printing unites computer with copier

The marriage of the computer and the laser printer promises to provide instant publishing of any material. The National Business Forms Association reports that the Telecomputer Laser Printing Corporation (TLPC) has developed a practical system.

TLPC's software is used on an IBM PC with a Xerox 9700 electronic laser printing system. Any material can be transmitted after composed on the IBM PC to any of 15 key locations around the country where pages may be printed at about four cents each.

Called the "PC Connection," a modem is used to transmit information which will be printed on the Xerox 9700 in many type faces and sizes at up to 120 copies per minute. Logos, graphics and formats for business forms can be stored electronically and called up when needed.

TLPC states that the electronic printing business is now at $7 billion annually, but will reach $50 billion by 1989.

INDUSTRIAL PAPER

Study shows industrial paper products sold by distributors of sanitary supplies and equipment

A survey conducted by *Maintenance Supplies* magazine and published in their March, 1984 issue revealed the "average distributor's" sale of paper products. The magazine surveyed its readership, and so it is certain that many paper distributors have been counted in their results.

The average distributor of sanitary and maintenance supplies and equipment sells $735,000 worth of material annually — up 26% in the past two years. The typical firm serviced 1,265 accounts with 4.5 salespeople.

Of the average distributor's total sales, paper products made up 20.8%. This means that $153,000 of paper products are being sold by the average maintenance supplies distributor. This is up 26% from the average 1981 sales of paper products pegged at $121,000. This growth is equivalent to the average distributor's sales growth in general.

The survey results further project that the total annual sales of paper products by maintenance suppliers is approximately $900 million per year.

Paper sales by product group

Of the eight major paper products groups reported sold by these distributors, paper roll towels led with 28.1% of total paper products sold. This represents approximately $43,000 in sales annually for the typical distributor — up 26.3% from two years ago.

Paper sales by product group

Product Group	% of Annual Sales of Paper Products
Paper towels (roll)	28.1
Paper towels (fold)	19.8
Toilet tissue (roll)	24.0
Toilet tissue (fold)	8.4
Industrial wipers	11.0
Paper cups (flat)	2.1
Paper cups (formed)	5.1
Paper straws, napkins	1.5
Total	*100.0*

Industry sales volume

The survey showed that the industry is predominantly made of up firms with annual sales of less than $1 million. Over 71% of firms responding to the survey had sales of under $1 million. 25% were in the $1-5 million category, and 3% reported sales in excess of $5 million.

Outlook for material handling: lift trucks

The trend towards new designs in material handling equipment is accelerating. According to an article in the 1984 *Material Handling Engineering Handbook and Directory*, lift trucks are taking a few new turns:

- New three-wheel electrics are providing better maneuverability for tight turns.

- More guided carts are moving loads long distances without the use of a driver.

- Walkie trucks have been equipped with guidance systems that travel along a buried wire.

- New models of high-stacking narrow-aisle, side-loading or swing-reach trucks that can reach up to 40 feet off the ground are being offered. Some can operate at that height while the operation remains at ground level.

- Some new models are available with side-paneled seating and seat belts.

- Operator comfort is a new concern and operating convenience is a priority. Better visibility, better control positions, and adjustable and contoured seats are now being built into new lift truck models.

MANAGEMENT INFORMATION

Leaner inventories — a fundamental change in operations for the 1980s

The age-old dilemma of a manufacturer or wholesaler is the need to maximize inventory turnover and minimize obsolescence versus having what the customer wants in stock. What to do? Better customer service versus increased profits?

For many, the economic climate of the past decade has dictated a resounding consensus that "it's better to run leaner." High interest rates demand it.

According to a March 1, 1984 article in the *New York Times*: "Many companies are doggedly adhering to a new self-discipline on inventories made possible by computers and forced on them by recession. The possibility of missing some sales because of inadequate supplies hardly diminishes their determination . . . Whatever the benefits or costs to the economy, companies have decided that leaner inventories mean fatter profits, and programs to trim stockpiles are proliferating across the country."

Judging by the response to NPTA's recent March 20 seminar on inventory management (a second session had to be added due to demand), this is indeed a hot topic among paper merchants today.

Results of last year's Performance Analysis Report (PAR) indicate that inventory investment represented nearly 29% of printing paper merchants' assets in 1982. It was even higher for industrial paper and dual paper merchants, 34% and 37% of total assets respectively. This is a considerable investment, and effective control of inventories is critical to "bottom line" results.

Stock-to-sales ratio

The Department of Commerce, in its "Monthly Wholesale Trade" report, tracks stock sales ratios for wholesalers. A stock sales ratio of 1.08 means that for every $1.00 of sales, $1.08 is carried in inventory. Sales are net after deductions for refunds and allowances, and do not include non-operating income from investments, rental or sale of real estate, etc. Sales also exclude sales and excise taxes collected. Inventories represent stocks at a cost of merchandise owned by merchant wholesalers at the end of the month.

As expected, there has been a build-up during recession years such as 1974-75. Table 1 shows a historical view of stock sales ratios for *all merchant wholesalers* and *paper and paper produts wholesalers.*

One can clearly see that paper merchants have historically "run leaner" than wholesalers in general. However, they carry slightly more stock than all "non-durable goods" wholesalers (groceries, beer, wine, spirits, etc.).

During recovery years such as 1977, 1978 and 1982, the gap between paper merchants and all merchants was widest; during recession years such as 1974 and 1980 the gap narrowed. The estimated January, 1984 stock sales ratio is 0.95 for paper merchants, holding steady since December, 1983.

Table 1

Stock/Sales Ratios
(Seasonally Adjusted)

As of December:	Paper & Paper Products	All Merchant Wholesalers
1974	1.08	1.16
1976	0.98	1.20
1978	0.90	1.22
1980	0.95	1.10
1981	1.03	1.19
1982	0.93	1.26
1983	0.95	1.10

Source: U.S. Department of Commerce

Inventory turns

The *New York Times* reports that: "The preference for slim stock-piles has led to an obsession with the concept of turnover - or the number of times a company restocks its shelves in a given year." 1983 PAR results reveal significant differences in inventory turnover among various kinds of paper merchants.

As illustrated by Table 2 (see page 12), inventory turnover was highest for industrial paper merchants in 1982 - in fact, every year back to 1978.

Next highest turnover occurred in the dual segment, followed by printing paper merchants. Gross margin return on inventory (gross margin on warehouse sales divided by average inventory) fell the past three years for printing, was down the past two years for industrial, but was up the past two years for dual merchants.

The fact that industrial paper merchants turn their inventory over faster than printing paper merchants is also backed up by the NPTA monthly "Paper Merchant Sales Report," which provides regional and nationwide data on "calendar

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The National Paper Trade Association's Annual Report

The Association's fiscal year ended on February 29, 1984 and its annual report showed a growth of 20.5% in income while expenses rose 23.7% from the previous fiscal year's level. The rise in income was attributed to greater revenue from dues, seminars, and the Annual Convention. These factors contributed to NPTA's over $1.3 million of income in the fiscal year just ended.

Association expenses, which reflect services to the membership, grew faster than income. Led by seminars, membership fulfillment and increased staff costs, the Association's expenses surpassed $1.25 million.

Printing Paper

The Printing Paper Division Committee of NPTA has been working to provide distributors of printing paper with tools to improve their businesses. The Division's Committee has developed a "Quality Report" form for use by member firms to facilitate the processing of problems encountered by their customers on print jobs.

Also, planning was begun on an institute for printing paper salespeople. This one week course has been designed to give salespeople an in-depth knowledge of graphic arts processes, and a better understanding of how to sell printing paper to fill the needs of their customer's equipment.

This program was developed with the help of the Rochester Institute of Technology where the course will be held.

Industrial Paper

The Industrial Paper Division Committee began several major projects during the past year. The focus of its research project was to develop a body of knowledge about the industrial paper distribution business.

The system of determining the products and customers of industrial paper merchants was improved. During the year, over 100 members submitted information to upgrade this data base.

The most important project undertaken by the group was the first systematic study of the growth strategies for industrial paper merchants for the balance of the 1980s. The study dealt with various forces impacting the industry; among the factors studied were customer product and competitive trends.

The study also offered a variety of strategies that are available to paper distributors in responding to the various trends occurring within the industry. A major publication detailing the results of the study is planned for later in 1984.

During the year the Committee also began a slow, thoughtful review of the content, format and location of the Annual Convention. The primary goal of their work was to determine how the forum for supplier/merchant contact might be made more effective. In addition, ways to improve the educational and social

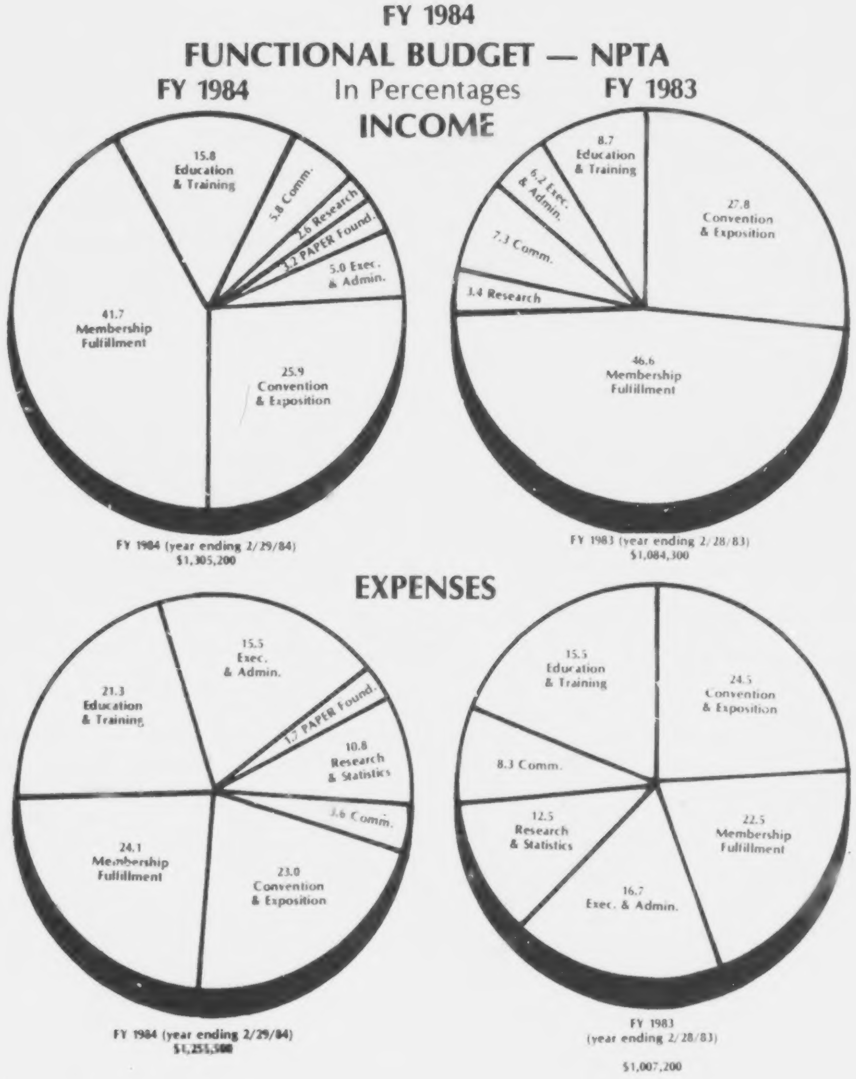
(Continued on p. 8)

INCOME

Income (000)	FY Ending 2/29/84	Percentage of Total	FY Ending 2/28/83	Percentage of Total
Membership Fulfillment	544.7	41.7	505.3	46.6
Convention & Exposition	338.0	25.9	301.6	27.8
Education & Training	206.8	15.8	94.0	8.7
Executive & Administrative	65.2	5.0	66.5	6.2
Communications	74.9	5.8	79.0	7.3
Research & Statistics	34.1	2.6	37.0	3.4
PAPER Foundation	41.4	3.2	—	—
Total	1,305.1	100.0	1,083.4	100.0

EXPENSES

Expenses (000)	FY Ending 2/29/84	Percentage of Total	FY Ending 2/28/83	Percentage of Total
Membership Fulfillment	302.5	24.1	227.8	22.5
Convention & Exposition	289.2	23.0	247.8	24.5
Education & Training	266.5	21.3	156.7	15.5
Executive & Administrative	194.2	15.5	169.2	16.7
Communications	44.5	3.6	84.1	8.3
Research & Statistics	135.2	10.8	127.5	12.5
PAPER Foundation	20.8	1.7	—	—
Total	1,252.9	100.0	1,013.1	100.0



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elements of this long standing industry event were also explored.

Communications

The communications efforts of the Association have centered on providing members with useful information. The primary means to sharing this information has been the *NPTA Management News*.

From an eight page monthly last year, the 16 page publication is an improved vehicle for member news, industry information, management articles, and trends in paper distribution. The industry has universally applauded this new effort by NPTA.

Other publications of note were the specialized wholesaling texts sold by NPTA through special arrangement with the National Association of Wholesaler-Distributors. Materials from many other sources provided at reduced costs gave member firms needed industry information in the form of books, periodicals, films and tapes.

The scope of the NPTA communications program has grown to encompass the entire paper distribution industry. Reaching out to suppliers has helped give the NPTA story greater exposure in this past fiscal year.

Education and Training

The Education and Training department has witnessed a great deal of growth during the last fiscal year. The department reported that membership awareness of NPTA-sponsored programs, along with the department's role as a clearinghouse for training material and information, has grown substantially.

During fiscal 1982-83, 86 merchants attended the department's seminars; this grew to 321 during the fiscal year just ended — a 373% increase. Also during fiscal 1982-83, 77 companies attended seminars; this grew to 204 during fiscal 1983-84 — a 265% increase.

This past year saw the first in-house PSS programs conducted. Eight companies participated.

As a clearinghouse for material and information, the department has developed a network of trainers and managers involved in the training process; 187 firms participated.

The first three in a series of training lunches were held. These enabled participating merchants to exchange views on training and development activities of their companies.

Research

The past year was marked by several positive accomplishments in the Research and Statistics area. This department was able to provide more and better information to NPTA members, and successfully improved member participation in the Association's financial reporting programs.

Fully half the membership participated in the annual Performance Analysis Report (PAR). The number of survey respondents increased by 12% during 1983, representing nearly $6.7 billion in total paper merchant sales: Up 17.5% from the previous year.

More members also participated in the monthly "Paper Merchant Sales Report." Approximately 50% of the membership is active in this program. For the first time, the Research Department began to collect monthly inventory data, and specifically identified the respondent sample which will provide for future refinements in this report.

There has also been an increased flow of research questions from members, dealing with: Market potential, PAR data, sales compensation plans, etc. The Research Department has been able to respond to these increasingly sophisticated inquiries with greater expediency, as the membership has recognized the value of this service.

Finally, the department realized a greater need to communicate research information to members, and did so via the "Management Information" page added to *Management News*.

Membership

The past fiscal year was an excellent one for NPTA. Over 30 firms joined in the U.S. plus the addition of two new International members totaling over $37,000 in new dues revenue. This was a result, in part, of the "trial member" program run during the year. And another 21 companies have already joined since the close of the last fiscal year.

NPTA member service programs grew as well: The expansion and improvement of *Management News*, the addition of the Xerox discount and our Hertz leasing and rental discount programs. The comprehensive education and training seminar, workshop and conference schedule is now providing more for member firms to choose.

Member requests for information on a variety of industry topics has grown. During the past year, the NPTA staff has been available to answer merchant inquiries.

With the growth of members and member services came the need for additional staff. A director of marketing membership services was hired. Richard Lerman began working at NPTA in December, 1983.

Plans for continued membership growth through the next fiscal year are already in place.

PAPER Foundation

As the skills and information needed to successfully manage a paper distribution business grow, and as the pace of change accelerates throughout the trade; there was a need for an organization to dedicate itself fully to the study of the paper distribution industry. NPTA created the Paper And Plastics Education/Research (PAPER) Foundation this past year.

The Foundation marks several firsts for the paper distribution industry. The PAPER Foundation is the first organization ever created to solely study trends in paper distribution. Another is the composition of the Foundation membership: Paper merchants, mills, converters and other suppliers to the trade.

This combined group will direct the research efforts. The PAPER Foundation will be administered by the NPTA staff, but will have a separate Board of Trustees composed of paper wholesalers and suppliers.

During 1983, the first research project was commissioned. Healy & Associates conducted a research study entitled, "Growth Strategies for Paper Distribution in the 80s." A preliminary report was made at the Annual Convention. A major publication is expected later in 1984.

CALENDAR OF EVENTS

May

8-25. 1984 Graphic Arts Exhibition of Printing Industries of Metropolitan New York, Harkness Plaza, New York City, NY.

10. Compensating Your Marketing Personnel presented by D. Bruce Merrifield, Loews L'Enfant Hotel, Washington, DC. Contact NPTA.

16-18. The Keys To Growth As A Sales Manager presented by Michael Ibison, Fairmont Hotel, Dallas, TX. Contact NPTA.

June

7. Dynamic Collection Techniques presented by Robert B. Thompson, Sheraton New Orleans, LA. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills (PSS) and Managing Time and Territory (MTT) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. This is the most cost-effective way to increase the sales abilities of a company's staff. Contact the NPTA Education and Training Department.

The best loan you'll ever get: Collect your receivables

By Robert B. Thompson

Collecting accounts receivable is not getting any easier. This situation exists with many paper merchant firms as well as in most other industries. Businesses are having trouble paying their bills on time.

Several factors are the cause of this nation-wide problem. High interest rates and wider general understanding of how to manage cash flow stretch out many paper merchants' average collection days. Changing bill paying ethics and recent economic conditions have influenced slow payment trends.

To better understand this situation and develop solutions to the problem, look at the methods available to finance business operations. We find four main sources of capital for the medium or small business: *Profit* from the business ... additional *Equity* money ... long-term bank *Loans* ... and short-term debt (trade *Credit*.)

During difficult economic times, profit margins are low. The firm either has to cut costs affecting operations or look elsewhere for money to finance the business. Pouring additional equity money into the company is no real solution. An owner is in business to increase his/her wealth, not to shuffle more financial resources into the firm.

Bank loans

Next, the owner seeks a bank loan. First and foremost, the loan will cost two to four points-over-prime (at least 13-15% per year). This high cost of credit guarantees that already tight profit margins will flip over to a substantial bottomline loss. Aside from this cost, many bankers insist on collateral security or other restrictions to insure repayment of their loan.

Accounts payable

With this financial door effectively closed, an owner looks at a stop-gap measure to the only remaining capital source: Slow payments to the firm's suppliers (accounts payable). Many suppliers do not have effective collection programs. Or, they are reluctant to ask for payments because they may lose future business to competitors.

Other firms reward customers for prompt payments by cash discounts, but fail to penalize slow payers by late payment service charges. And, if they do assess late charges, some do not follow-up to collect them, making them meaningless.

When the owner finds suppliers who fit into this "passive" collection profile, he has located his short-term "loan" ... *interest-free*! The company simply slow-pays any suppliers who permit this practice ... up to the point of having shipments held ... or being placed on COD ... or affecting the firm's credit rating.

Accounts receivable

If your customers are slow paying your company at 45, 60 days or even longer, you may be the victim (due to your our inaction) of what the credit industry calls the "Creditors' Patsy List." In this case, look at your collection process and take actions now to get off this "List."

Now, what actions should be taken to change these slow pay practices and speed up your cash flow? First, establish a good collection process. The first step in collecting receivables is to just ask for payment. *Timely* invoicing and monthly statements represent your first requests for payment. Customers who do not pay on time then require contact.

Collecting over-due accounts

Collection contact may be by collection notices/letters, personal visits, sales rep collection activities or telephone calls. I suggest a combination of these techniques. Use the right method for the appropriate situation.

It may be best to first send a collection notice, then follow-up with a telephone call. The notice makes the customer aware (actually the *customer knows* he/she is past due!) of his/her delinquent balance. The phone call lets a customer know you are serious about collecting money owed to you. Negotiations to get payments can be made during the phone call. This one-two letter/call punch puts the customer on notice you *believe in your terms*.

...The telephone

Or, your company may decide to do all collecting through telephone calls. Collecting receivables by telephone is far superior to any other collection technique. Faster cash flow is the result. The telephone is more personal. It offers two-way communications. Problems can be discussed and solved during the phone conversation. A customer's financial situation can be reviewed. An acceptable payment schedule can be arranged. Telephone collecting generates more cash receipts faster with less time.

...The visit

Personal visits by the owner, credit manager or collector may be necessary to collect high dollar balances. Difficult disputes can be worked out and resolved during collection visits. Customer relations can be repaired. But ... use visits sparingly. They take time. Travel costs are incurred. Opportunities to collect more dollars by telephone are lost while visits are being made.

Sales support

Sales support in collecting money can be beneficial to improving cash flow, when properly used. Certain sensitive repeat business accounts need special collection handling. A sales rep can assist here. Also, sales personnel can drop off larger dollar invoices and pickup checks. Remember ... that the sales person's primary job is to sell. Sales reps are trained and have the inclination to sell ... not to collect. Asking a customer for more business and for money at the same time are incompatible functions.

Follow-up

The next ingredient in a successful collection program is follow-up ... on time! A paper merchant should develop a call-letter sequence and follow-up interval which best fits his company's customers and cash flow situation.

Ten day follow-up intervals (a contact every ten calendar days) produces the best results. Fifteen day follow-up may be satisfactory in some collection or workload situations. But, a contact every ten days provides the pressure which convinces customers your firm believes in its terms ... and refuses to be on any "Patsy List."

Train your collectors

Collection training is indispensable to an effective accounts receivable collection program. Telephone training provides owners, credit managers and office personnel with techniques for pre-call planning and making effective opening statements during the phone call.

Methods for fielding customer payment objections or excuses during the call are learned during collection training. Learning to listen and take good response notes helps the telephone collector overcome excuses and obtain payments.

Earlier, we said there are *four* main capital sources. Let's change that ... actually there are *five* ways to finance a business. The *best* "loan" your paper merchant business can ever obtain is *interest-free* ... collect your own receivables faster ... the right way ... *and* keep good customer relations!

Workshop scheduled for June 7

Don't miss Bob Thompson's workshop on "Dynamic Collection Techniques." This one-day session will be held in New Orleans, LA on June 7, 1984 and will present results-oriented information. Contact the NPTA Education and Training Department.

CHAIRMAN'S CORNER

Where we have been and where we are going

LIONEL ELTIS
NPTA's Chairman of the Board

The National Paper Trade Association has been serving the paper distribution industry for over three-quarters of a century. A group of forward thinking paper merchants formed this Association in 1903 so that its membership could have a common meeting ground to exchange ideas and learn together. This was before a lot of government control regulations and antitrust legislation. Apparently, there was good leadership and the organization grew.

Shortly after my return from the Air Force at the end of World War II, I started attending the NPTA Conventions. I soon realized that the personal contacts I made and the knowledge I acquired from the business sessions, discussions with industry leaders, other merchant and mill representatives were most beneficial to my personal development and the development of my business.

I recall in the early 50's, I wanted to rewrite our sales compensation plan. I contacted the NPTA office and was furnished a printed booklet on sales compensation programs. I remembered a few years later, the Association developed a sophisticated sales training program. All through the years, NPTA has been a source of information for the members on almost every aspect of the operation of a merchant business.

I have to believe that in the past seven years, we have made even greater progress, and have become more valuable to the industry. This is not to reflect, in any way, on the past lay or professional leadership.

We are most fortunate today to have a dynamic, young president who takes direction well and *really* understands the paper business from merchant to mill level. And it has been his good fortune to have worked with a dedicated group of lay officers, board of directors, and committee members.

Membership participation is at the highest level in the history of the Association. Our education and training program has been instrumental in helping improve the knowledge and ability of literally thousands of sales and operational people. This year, several of our seminars have been complete sell-outs and we've had to schedule additional ones to fill the applications received.

One of the finest tools that a paper merchant can have in his possession is the *PAR Report*. It provides individual members with information that is necessary to the conduct of their businesses and cannot be obtained anywhere else.

Our monthly newsletter, *Management News*, is an innovative publication that has timely and interesting articles. NPTA publications run the gamut from a guide to antitrust laws to a group of management subjects, such as: Receivables, inventory, sales training, sales compensation and warehouse operations.

All of this comprises an extensive source of information provided to the members of the Association. Our businesses are becoming more complex. The programs offered by the Association, both during the year and at its annual meeting, have become more sophisticated. They are designed to help us be more professional and operate our businesses more efficiently and productively.

Our immediate past chairman said that "NPTA is the only practical, legal forum we have to improve the competitiveness of our trade." I feel that our Association has consistently provided this. The capable, professional NPTA staff is available to you. I urge you to take advantage of these programs to gain the information you need.

Inventoring paper products in the 80's

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days cost of ending inventory." Since November 1983, this figure has been 20+ days higher for printing paper merchants, significantly higher in 1983 and 1982.

As the *New York Times* reported further: "Some analysts think the more cautious companies may find themselves in for a surprise and get caught with inadequate inventories ... but the confident inventory managers disagree. G.E.'s Mr. Geller said: 'There's been a fundamental change. People have figured out how to do this a lot smarter.'"

Paper merchants are just as sensitive to high interest rates, and are beginning to computerize their operations more fully. They have learned to run leaner as well, a trend that does not appear to be temporary.

Calendar Days Cost of Ending Inventory

	Printing	Industrial
Jan. 1984	82	61
Jan. 1983	71	62
Jan. 1982	75	60

Table 2 Paper Merchant Inventory Turnover

	Industrial Paper		Printing Paper		Dual Merchants	
	Inventory Turnover[1] (Times Per Year)	GMROI[2]	Inventory Turnover[1] (Times Per Year)	GMROI[2]	Inventory Turnover[1] (Times Per Year)	GMROI[2]
1978	7.57	243%	4.98	164%	5.72	165%
1979	6.44	217	6.01	197	5.48	167
1980	6.61	221	5.13	166	5.02	155
1981	7.07	242	4.85	158	5.34	156
1982	6.07	182	4.95	151	5.75	169

[1] Calculated as cost of warehouse goods sold to average inventory (average of beginning and ending inventories for the year, LIFO basis).

[2] Gross margin return on inventory is defined as gross margin on warehouse sales divided by average inventory (average of beginning and ending inventories for the year, LIFO basis). GMROI is the gross profit dollar produced per dollar of inventory carried.

NOTE: Beginning 1978, indirect sales were separated and excluded from warehouse sales.

Source: 1983 NPTA PAR Survey.

New "Executive Summary" available to PAR users

There is a new tool available to those companies participating in the Performance Analysis Report (PAR) survey: The Executive Summary. It is designed to save time by providing a quick scan of a company's key performance measures.

The Executive Summary has three main sections:

1. Management Summary: A two-page chart that rates a company's performance as "weak, fair, good or strong" in 30 or so key performance measurers, including: Sales, profitability, operating expenses control, personnel productivity and asset management.

2. Performance Summary: This is a table of a firm's actual figures on these same key measures. The results are grouped by six different categories: The company's results, all firms in the same product class, firms of similar sales volume, profitability groups, geographic region, and warehouse sales mix. Lower, median, and upper quartile groups are included.

3. Guidelines for Interpreting the Results: Here the importance of each measure is explained and how it can be used to evaluate a company's performance. Usually, this is a brief description. References to specific pages within the PAR report and PAR User's Manual are given.

A key feature of the Executive Summary is the reference to the PAR report pages, which you can then use for more in-depth analysis as time permits.

The Executive Summary may be ordered through the NPTA Research Department for $45. This additional to the PAR report will help the merchant get more out of his company's analysis.

PAPER MERCHANT SALES REPORT

MARCH, 1984

	NPTA REGIONS	SALES PER SELLING DAY MARCH 1984 -COMPARED TO- MARCH 1983	SALES PER SELLING DAY MARCH 1984 -COMPARED TO- FEBRUARY 1984	SALES PER SELLING DAY 1984 YEAR-TO-DATE -COMPARED TO- 1983 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF MARCH		CALENDAR DAYS' COST* OF ENDING FEBRUARY INVENTORY	
					1983	1984	1983	1984
INDUSTRIAL	1	+12.6%	+ 6.2%	+ 6.3%	42	45	59	--
	2	+11.5%	+ 1.1%	+13.8%	33	36	61	45
	3	+13.9%	+ 2.7%	+15.8%	32	36	59	57
	4	+18.1%	+ 6.1%	+18.4%	33	39	54	57
	5	+ 8.4%	+ 2.4%	+10.8%	32	36	64	56
	6	+12.0%	+ 1.1%	+13.0%	40	40	62	--
	7	- 3.8%	+ 2.7%	- 0.3%	37	41	64	--
	NY METRO	+10.0%	+ 3.3%	+ 8.4%	41	45	34	--
	CHICAGO METRO	+25.6%	+ 2.9%	+20.9%	39	39	60	--
	LA METRO	+15.4%	+ 2.3%	+15.2%	45	48	70	--
	US	+12.4%	+ 3.2%	+13.0%	36	40	58	55
PRINTING	1	+39.9%	+ 0.9%	+30.5%	53	51	63	41
	2	+33.5%	+ 4.0%	+36.0%	45	47	62	59
	3	+37.8%	+ 6.1%	+32.1%	42	43	80	85
	4	+27.6%	+ 2.1%	+27.5%	41	31	64	70
	5	+27.1%	+ 7.4%	+24.5%	43	46	65	85
	6	+28.8%	+ 2.1%	+27.3%	42	40	67	--
	7	+22.0%	+ 5.1%	+21.1%	38	41	70	--
	NY METRO	+39.7%	- 5.0%	+46.9%	44	43	66	--
	CHICAGO METRO	+37.2%	+ 6.4%	+31.4%	41	43	63	--
	LA METRO	+27.7%	+ 2.2%	+26.9%	39	46	54	84
	US	+31.8%	+ 2.6%	+30.5%	43	43	66	71

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC, TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

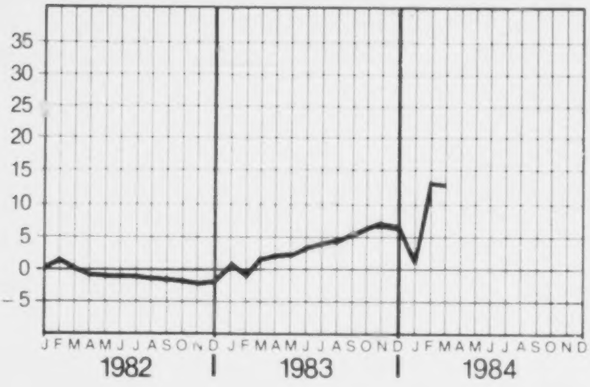
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

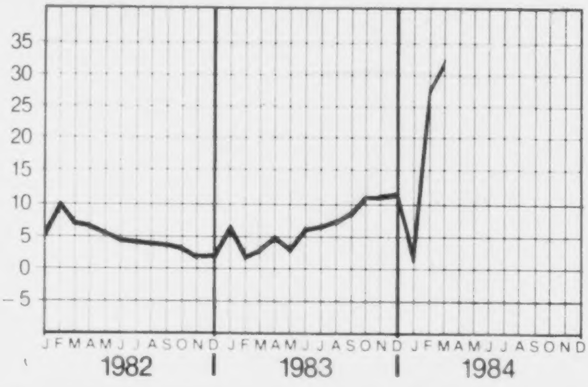
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

Paper Merchant Sales Report

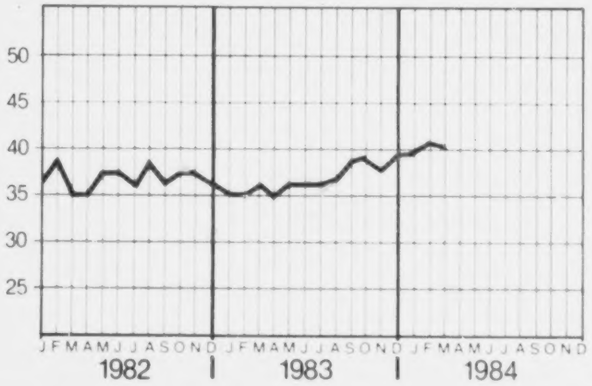
Summary National Trend Information: 1982 to present

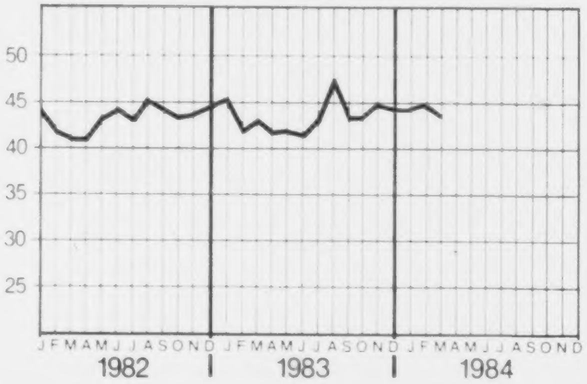
SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.


INDUSTRIAL PAPER SALES NATIONALLY

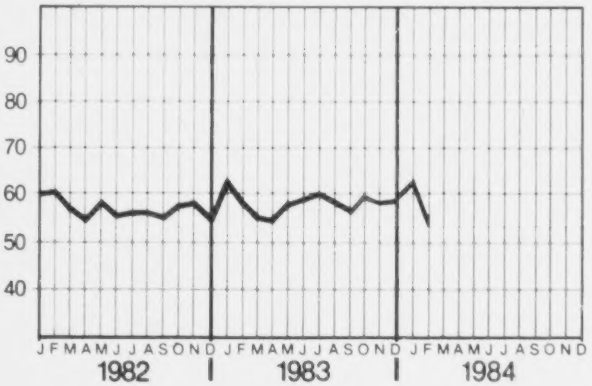

PRINTING PAPER SALES NATIONALLY

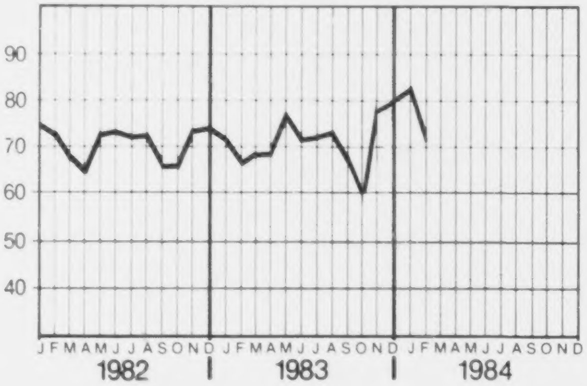
RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)


INDUSTRIAL PAPER RECEIVABLES NATIONALLY


PRINTING PAPER RECEIVABLES NATIONALLY

INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)


INDUSTRIAL PAPER INVENTORY NATIONALLY


PRINTING PAPER INVENTORY NATIONALLY

WASHINGTON WATCH

FTC trial judge rules that dual-distributor cannot receive wholesaler discounts on its retail sales

In the keenly awaited decision on the Federal Trade Commission complaint against Boise Cascade Corporation reports the Wholesale Stationers' Association, an Administrative Law Judge ruled that Boise knowingly received unlawful discounts, not available to other retail dealers, on products purchased by Boise for resale in competition with such retail dealers. **At issue was Boise's "dual distribution" practice — i.e., sales at the wholesale and retail levels of goods it purchases at wholesale discounts.**

Findings

After extensive hearings, the Judge found that Boise received a "wholesale functional discount" on its purchases of certain office products from six manufacturers, including purchases of goods which it did not resell to retail dealers, but which were resold to users, either directly or through its own retail stores, in competition with those dealers.

Numerous defenses put forth by Boise were rejected by the Judge, who concluded that the effect of such discrimination has been or may be substantially to 'injure competition between Boise and competing dealers who are paying higher prices than Boise for the same products.

The order would require Boise to cease and desist from receiving from any seller a net price that Boise knows or has reason to know is below the net price at which products of like grade and quality are being offered or sold by such seller to competitors of Boise. The order also requires the implementation of a "compliance plan" acceptable to the FTC:

> "Boise can lawfully receive a wholesale functional discount on goods which it resells as a wholesaler — *i.e.*, to dealers, but if it chooses to remain a dual distributor by also reselling [to users] in competition with dealers, it will have to offer the Commission a compliance plan under which it will inform it suppliers as to the dollar volume of goods it purchases as a wholesaler and as a dealer."

Major Issues

Boise contended that the discounts it received constituted compensation for services rendered for the manufacturer, in maintaining inventory, promoting sales, etc.

It argued that under that 1955 FTC decision in Doubleday & Co., it could be reimbursed for resale functions ordinarily performed by a manufacturer which the manufacturer shifts to its customers. In that case, regular jobbers received a 15% discount and "full service" stocking jobbers received 25%.

The Judge found that Boise does nothing more respecting its dealer sales than competing dealers do, and those services benefit Boise, not the manufacturer. Furthermore, the Judge concluded, the Doubleday case was expressly overruled by the 1962 FTC decision in Mueller Co., which was affirmed by the Seventh Circuit Court of Appeals, and which the U.S. Supreme Court refused to review.

Injury to competition was disputed by Boise on the basis that, during the period under study, the number of dealers increased and dealers' sales increased. The Judge's response was that the number of dealers and total sales might have increased even more; that the courts have held (in cases brought by the FTC as contrasted with competitors' suits for damages) injury may be inferred from a mere price difference; that competing dealers have had to pay higher prices and their profits would have increased; and that even if Boise did not always use the price advantage to undercut prices, Boise could use the price advantage for larger profits or additional services.

The Judge noted the use of single order and annual cumulative quantity discounts or rebates in the industry. While the decision stated that volume discounts are not at issue in this case, such arrangements in the past have been ruled unlawful forms of price discrimination by the Commission and the courts in certain circumstances.

The evidence, said the Judge, did not establish that the manufacturers had any of the affirmative defenses for granting Boise the lower prices (such as cost justification, meeting a competitor's equally low price, etc.); that Boise knew it was getting lower prices than its dealer competitors; and that Boise knew or should have known that the prices were not justifiable under the defenses available to manufacturers and were therefore unlawful.

Conclusion

The Administrative Law Judge in Boise re-affirmed the continued vitality of the 1962 Mueller decision, that a wholesaler's (redistribution) discount is permitted to be received only on that portion of a dual distributor's purchases that are resold to dealers, and his reporting of such sales (plus reasonable verification by the manufacturer) is required.

The view of the present Federal Trade Commissioners respecting this issue will be watched with interest by all who are involved with the wholesale distribution industry — and particularly by those firms who either sell to, or are, dual distributors.

ASSOCIATION File

Insurance coverage: Is what you have right for your company?

Why is it that having the *right* insurance coverage for your company is usually a mystery. For one thing, its a complicated issue. The National Association of Wholesaler-Distributors surveyed wholesalers to uncover the facts. Here are a few important conclusions they were able to draw from their research:

1. Little science has been employed by the insurance industry in their system of classification and rating of wholesaler-distributor firms.
2. The insurance industry uses a wide variety of code classifications within commodity lines.
3. The incidence of product liability claims against wholesalers is *much* lower than the insurance industry projects. Most firms surveyed are "pure wholesaler-distributors" doing little converting or importation; and so have minimal involvement in liability-related activities.
4. Wholesalers appear to be unfairly penalized by the Workman's Compensation classification and rating system utilized throughout the United States. It fails to accurately "risk rate" wholesale firms.

NPTA members studied

NAW studied NPTA member firms as well as all commodity line wholesalers and found the following:

Averages	All Wholesale Respondents	NPTA Respondents
Average sales volume:	$5,300,000	$7,630,000
Average number of locations:	3	1
Average number of employees:	26	39
Average premiums:		
Package premium	$13,707	$7,039
Excess umbrella premium	3,604	1,017
Workman's comp. premium	11,954	12,349
Vehicle coverage premium	10,245	6,884
Confirmed premium	$39,510	$27,289

The NAW program

INA and NAW joined forces to offer wholesaler-distributors a new insurance program under the federal Risk Retention Act. NAW believes that when wholesalers join together they can get more for their money.

Under the INA/NAW plan, wholesalers can buy up to $11 million in primary and umbrella liability insurance, including coverage for auto and property risks. A workers compensation program is offered separately.

This new insurance program has allowed some wholesalers to cut their insurance costs by 25%. NAW points out, though, that the strength of this program lies in its broad coverage.

For more information on this new INA/NAW plan, contact the NPTA Communications Department.

NPTA
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NPTA MANAGEMENT NEWS

June, 1984

Highlights

10 companies receive membership in NPTA

Congratulations to: Bret Packaging Company, Direct Packaging Inc., Empire Paper Corp., The P.J. Fox Paper Company, Inc., Galer & Hults Inc., Hathaway Paper Company, Keene Industrial Paper Company, Inc., Monumental Paper Company, South Shore Paper Inc., Welsh Paper Company. (P. 2)

New quarterly journal on tape

The National Association of Printers and Lithographers has begun publishing a quarterly "Graphic Arts Journal in Sound." Just the thing for busy executives to listen to on the way to work. (P. 4)

Industrial paper group looks at merchant needs

The Industrial Paper Division Committee met and reviewed the needs of merchants. An important new monthly survey is being developed. (P. 5)

Stanley O. Styles award nominations open

The Stanley O. Styles Industry Excellence Award will be given for the first time at this year's Chairman's Luncheon held at the Annual Convention. Nominations are now being accepted. (P. 6)

Convention '84 - expanded issue

Strive for Excellence at the Annual Convention and Exposition! Make plans now to attend the event of the year. (Special section/Pages 7-13)

Changes in building depreciation

Wholesalers may be adversely affected by proposed changes in Accelerated Cost Recovery System. (P. 19)

Association plans Convention through 1990

The Association's Annual Convention may come to your town in the year ahead. Dates and cities have been approved by the board of the directors through 1990. (P. 20)

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NEWS OF PAPER TRADE ACTIVITIES

Ten distribution companies receive membership in NPTA

The following companies have received membership in the National Paper Trade Association:

Bret Packaging Company
1000 Great Plain Avenue
Needham, MA 02192
Richard L. Elwell, President
established: 1968
location: 1
type: dual

Bret Packaging Company

Direct Packaging Inc.
158 Midgely Drive
Hewlett, NY 11557
Lasker Harris, President
established: 1978
location: 1
type: industrial

DIRECT PACKAGING

Empire Paper Corp.
134 Sheridan Avenue
Albany, NY 12210
Mary Nachison, President
established: 1945
location: 1
type: industrial

EMSCO

The P.J. Fox Paper Company, Inc.
250 Station Street
Cranston, RI 02910
Paul J. Fox, Sr., President
established: 1957
location: 1
type: dual

The P.J. FOX Paper Co.

Galer & Hults Inc.
Rt. 611, Hankin Road
Horsham, PA 19044
Harold E. Galer, III, President
established: 1940
locations: 2
type: industrial

Hathaway Paper Company
P.O. Box 519
Waynesboro, VA 22980
Curtis Hathaway, President
established: 1980
location: 1
type: industrial

Hathaway Paper Company

Keene Industrial Paper Company, Inc.
104 Emerald Street
Keene, NH 03431
P.A. Chamberlin, President
established: 1952
location: 1
type: industrial

Monumental Paper Company
2201 Eagle Street
Baltimore, MD 21223
Soll L. Selko, President
established: 1924
location: 1
type: industrial

mp

South Shore Paper Inc.
3rd Avenue & Memorial Drive
Neptune City, NJ 07753
Jeffrey Hoffman, President
established: 1935
location: 1
type: industrial

SOUTH SHORE PAPER

Welsh Paper Company
308 South White Street
Wake Forest, NC 27587
K. Gordon Welsh, President
established: 1983
location: 1
type: dual

People in the News

Darlene L. Patch was appointed marketing manager, printing papers at Blake, Moffitt & Towne, Brisbane, CA.

Leonard Battane was appointed operations manager of JB Papers' New York Division. **Bill Eichler** was named distribution manager and **Raymond Healy** was appointed purchasing manager.

D.E. Hacker was named vice president-marketing of Mead Merchants. **B.D. Edwards** was appointed vice president, general manager of Mead Merchants, Kansas City, MO. **Adam F. Meyer, Sr.** was named vice president executive sales and **Robert N. Wright** was appointed vice president packaging for the Central Area of Mead.

Louis R. Cohen, corporate merchandising manager of Pollock Paper Distributors, Dallas, TX was elected president of the Southwestern Paper Merchants Association.

William H. Ames was elected president of SCM Allied Paper. He succeeds **Thomas Roth** who retired.

David C. Stevens was elected president of Mead Containers, a division of the Mead Corporation.

R. Steven Mason was elected president and COO of Pope & Talbot succeeding **William A. Whalen** who was elected vice chairman.

Donald S. Povie was named vice president-communications of Mohawk Paper Mills.

Richard B. Porter was named vice president, marketing and sales for the Potlatch Corporation.

Crown Zellerbach will open new converting and distribution facility

"Bogalusa will become a major production and distribution center for our full line of service products for distributors in southern and midwestern markets," stated Paul T. Gallagher, vice president and general manager of Crown's Converted Products Division.

The new facility is part of a $300 million program to strengthen Crown Zellerbach as a supplier to the distribution industry that serves the commercial food service and sanitary markets.

The decision to locate the new distribution center adjacent to Crown's Bogalusa, LA mill includes an excellent labor relations climate at the mill, a suitable site and the proximity to the markets to be served.

BM&T to restructure its operations

Moving away from the traditional regional organization, Blake, Moffitt & Towne president Phillip L. Erickson will restructure the company's operation. The new arrangement breaks out five targeted, cohesive business groups comprised of three regional units and two divisions.

The divisions and branches comprising each unit will share both support services and products. The idea is to create broader item availability for the customer in a more efficient way.

Bob Spellman, BM&T vice president, sales, industrial products will lead its Central Region. Ward Gardner, vice president/general manager of the Seattle operation will head the Northwest Region, and James Fleming, general manager of the company's Los Angeles Division, will direct operations for the Southwest Region.

IU International reports on Unijax

In the annual report just published by IU International, it was reported that their "Distribution Services" Division had 1983 sales of $490.9 million, down 3.1% from 1982.

The division is made up of two parts: Unijax, Inc. - a paper products distributor, and Biggers Brothers - a wholesale supplier of food and food products. IU does not identify the sales of each separately.

The decline in revenue and operating earnings for the division (which fell 8.3% from $19.3 million in 1982 to $17.7 million in 1983) was due to the divestiture of Hobart McIntosh in the third quarter of 1982.

Whitaker Carpenter Paper purchased by Inter City

Inter City Papers Limited of Montreal is the largest paper merchant in Canada with annual sales of CAN $279 million. The company is a wholly-owned subsidiary of Abitibi-Price.

Whitaker Carpenter, headquartered in Elk Grove Village, IL, with annual sales of US $73 million, will become part of Inter City Papers Corporation, a United States affiliate of its Canadian parent. Whitaker services the commercial, business forms, in-plant, reprographic and book publishing industries.

The company operates branch offices in Detroit, MI, Nashville, TN, and Milwaukee and Appleton, WI. Thomas Washburn, president of Whitaker Carpenter, along with his current management team will continue to direct the affairs of the company.

The performance of world pulp and paper companies

Each year, Scandinavian Pulp and Paper Reports releases four reports on the performance of paper manufacturers around the world.

The four reports are: Scandinavia, Europe, Canada, United States. Each costs $130 and can be ordered through the National Paper Trade Association's Communications Department.

Each report covers 20 to 35 companies (the US issue reports on 25 companies). The complete set of four is available at $390, a substantial discount.

SALES MEETING

"OUR GUEST SPEAKER THIS MORNING NEEDS NO INTRODUCTION BECAUSE HE DIDN'T SHOW UP."

MANAGEMENT NEWS

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MERCHANT BRIEFINGS

PRINTING PAPER

Listen up!

The best printing industry trend information is available on tape

The road is long, with many a winding turn . . .

For the average paper merchant manager, the long road between work and home is filled with radio noise and lots of frustrating traffic. How can that hour or more each day be used productively and relieve the stress of the driver as well?

The National Association of Printers and Lithographers (NAPL) has part of the answer: A Graphic Arts Journal in Sound. The Journal is a quarterly cassette program 90 minutes long which focuses on one specific aspect of the changing graphic arts industry. According to I. Gregg Van Wert, NAPL executive vice president, "it's an easy way to keep up-to-date on the implications of changing trends."

The first issue of the Journal is titled "Printcast '84." It is an industry trend analysis conducted by the NAPL staff and non-resident consultants.

Three critical change trends are probed in-depth in this first issue: The continuing growth of color, the reduction in typical job run lengths, and the increasing use of electronics in print production.

The program was reviewed by members of the Printing Paper Committee of National Paper Trade Association which applauds the work of NAPL. Subscriptions to the "Graphic Arts Journal in Sound" may be obtained from the NPTA Communications Department and is offered through special arrangement with NAPL. The price is $52 per year (which is the NAPL member price).

Quick printers and their paper suppliers may benefit from federal printing plant closings

The Joint Committee of Printing (JCP), in response to the anticipated closing of numerous federal printing facilities, is considering the adoption of regulations which would create a new category of direct deal contracts for federal agencies.

Reported by Printing Industries of America (PIA), the direct deal contracts are being established to simplify agency short-run, quick turn-around printing purchases. The proposal reflects the concern of the JCP, the GPO, and federal agencies that the closing of federal printing facilities will "dump" a large number of small purchases on the GPO procurement system. The substantial increase in the number of orders has the potential for creating delays in response time from the GPO.

The JCP proposal is designed to reduce turnaround time and maintain a significant measure of control over printing within the ordering agency. The GPO would maintain ultimate control over the contracts and would have administrative authority to review agency and contractor compliance.

Quick printers and small shops should benefit from the proposal. Among the provisions are a requirement for delivery within 24 hours which would tend to favor small shops located near the federal facility. As an example of the impact of the action, any print shop currently located within a reasonable distance from a federal facility may expect to receive an opportunity to bid. It has been estimated that the volume currently performed in the agency shops identified for closing may be as much as $50 million.

Since the JCP proposal is in draft stage, the program is not in effect at this time. Initial review of the proposal by PIA would indicate the program will be accepted by the industry.

Historic name change for graphics group

A milestone in the 125 year history of Printing Industries of Metropolitan New York (PIMNY) occurred when its members voted to change the organization's name to "Association of the Grahpic Arts." The group's subtitle states that the organization serves "the Graphic Communications Industry of Greater New York and New Jersey."

The group decided on the name change to include all stages of the graphic arts process. Also, it was thought that association's image could be expanded beyond New York City. The association is part of Printing Industries of America (PIA) and is one of its largest groups.

Industrial paper group meets to review industrial needs

The Industrial Paper Division Committee of NPTA met in Washington, DC in April to review the needs of industrial paper distributors and develop new tools to help industry managers be more effective. The Committee chairman, Frank Viegas, president of the Dowd Company of Woburn, MA, also brought into focus the need for better supplier-distributor relationships.

Chairman Viegas welcomed four new Committee members to the group: Gene Pancasio, Rourke-Eno Paper Company; Donald Peyton, Pelican Paper Company; and Robert Shorr, Shorr Paper Products, Inc., and Richard Lerman, NPTA, as the new Committee secretary.

The Industrial Paper Committee met for one and a half days during the Association's "Committee Week '84." NPTA has eight standing committees made up of 60 volunteer leaders from throughout the United States and Canada.

Recommendations by the Committee

Video Programming: The Association's educational video tape series requires the development of programs by each NPTA Committee. The Industrial Paper Division will begin by looking at the role of the industrial paper merchant.

Convention and Exposition: The Industrial Paper Division Committee reviewed the needs of both merchants and suppliers at the Annual Convention and Exposition. The group agreed that the manufacturers and converters should play a larger role in the development of the annual event. Exhibitor surveys will be made to determine what changes might improve the show for all who attend.

For the 1984 Convention, the Committee determined that the program focus of "New Frontiers in Industrial Paper Distribution" was an important one. At a time when industrial paper distribution is facing challenges from other community areas, industrial paper merchants must seek ways to improve their operations. And further, they must look to new areas of growth.

Supplier Relations: The Committee's discussion of supplier-distributor relations proved to be a most important one. The group felt that the best way to go about this is to develop projects which will bring merchants and their suppliers close together.

Creating better lines of communication, providing more information about the distribution process, collecting better and more accurate data on the supply and sale of goods are all necessary ingredients for improving the supplier-distributor relationship. A "towel and tissue inventory survey" is now being researched by the Committee. A monthly survey such as this may give merchants and their suppliers better information in order to help them operate their businesses more productively and profitably.

Towel and tissue monthly inventory survey possible

The Association's Industrial Paper Division Committee and Management Information Committee have both endorsed the development of a monthly towel and tissue inventory survey of NPTA member companies. The project will go forward by asking member firms about participation in the project.

What are the benefits? Towel and tissue products make up about 19% of an industrial paper merchant's business and about 21% of a dual paper merchant's sale of industrial paper. And the smaller the company, the greater that percentage is. This is a significant part of the merchant's overall annual sales of all paper products. Any findings that will help these merchants handle their inventory more efficiently will be beneficial.

It is important to determine inventory trends - the upswings and downturns which signal a changing supply picture. Better control of inventory means making that inventory work harder for the industrial paper merchant.

It is expected that a constant base of participating companies will yield enough data to break the national information into regional segments. The Association is working with the American Paper Institute in developing the project. The monthly survey form is being designed to be filled out quickly and easily. Reporting will be done in number of cases, not dollars, to remove the effects of inflation.

Announcing The

Stanley O. Styles Industry Excellence Award

Stanley O. Styles

Nominations now being accepted

Now, the paper distribution industry has an award which will honor a figure each year who exemplifies the qualities of the person for whom the award is named. The first presentation of this prestigious award will be at the Chairman's Luncheon on September 25, 1984 at the Hyatt Regency Chicago Hotel and will climax the Annual Convention.

To nominate someone for the Stanley O. Styles Award, send a letter of recommendation to NPTA president John J. Buckley, Jr., at the Association's headquarters, explaining why you feel your nominee is eligible. The deadline for receipt of nominations is July 10, 1984. Nominations from all in the paper industry are welcome. (See the selection criteria below.)

The name of the winner of the award will *not* be announced prior to the Chairman's Luncheon. Plan now to attend this important industry event.

Stanley O. Styles Award Selection Criteria

1. The recipient of the award shall be a paper merchant, paper manufacturer or converter, consultant, or educator who has had a distinguished career in the paper distribution industry.
2. Someone who has had a positive influence on the paper distribution industry: Possibly from the introduction of new management methods, marketing concepts, or new products which have become important in the industry.
3. The award recipient will be one who is acknowledged by the paper distribution industry as a leader and a good representative of the values and traits necessary for the excellent conduct of business.
4. Someone who has been long involved in industry affairs through actions and has supported the industry's trade associations, mills, merchants and affiliated groups.
5. Someone who has been a spokesperson for the industry locally and/or nationally.
6. The recipient will be one who exhibits impeccable character and is a long time, good citizen of the paper industry.

The NPTA Annual Convention and Exposition

September 22-25, Saturday-Tuesday, 1984
Hyatt Regency Chicago Hotel, Chicago, IL

Paper distributors from every state in the Union and 18 foreign countries will meet in Chicago for the major event of the year: NPTA's Annual Convention and Paper/Plastics and Allied Products Exposition.

Plan on being there for important workshops and seminars, a chance to meet the leaders of the industry, share ideas, and learn what's new on the market for paper distributors.

Don't miss NPTA's Convention and Expo '84 — The Show, the meetings, the Special Events. . .all waiting for you in Chicago!

Expo '84 *will feature paper, plastic and related products including health care disposables, retail and industrial packaging, food service items, sanitary supplies and equipment, non-wovens, foils, tapes, wraps and other specialties. Computer hardware and software designed specifically for paper distributors will also be displayed.*

NPTA '84
STRIVE FOR EXCELLENCE

Why Strive for Excellence? The word "excellence" is defined as "the fact or condition of being superior to, or surpassing others." It is a goal that should be set for all company employees. The result being an organization of winners.

The true winners are those who seek ways to improve performance, service and the standards of their activities. It is these qualities which make a company "superior to" others.

A company which strives for excellence is one which does not let market conditions dictate its marketing activities. It leads instead of follows. The excellent company knows what it wants to achieve in the marketplace and creates a plan to accomplish that goal.

A company's reputation is on the line each time a sale is attempted. The company of excellence "presells" its products **before** the salesperson walks in the customer's door. Excellence in doing business breeds loyal customers.

The NPTA Annual Convention and Exposition represents an opportunity to *Strive for Excellence*. A commitment to excellence is not an easy one to make. It requires in-depth knowledge of the important issues surrounding **all** business activities. It means being an industry leader. The NPTA Annual Convention and Exposition is an "excellent" way to focus attention on the opportunities ahead.

Convention '84: Programs

Saturday

New Frontiers in Industrial Paper Distribution

9:30 a.m. - 12 Noon

The janitorial supply distribution business has been growing for industrial paper merchants. How does a company get started in this area? What are the special requirements for servicing these accounts and warehousing product?

Also presented for industrial paper people will be "utilizing hand-held computer devices." This section of the program will familiarize merchants with portable computer terminals' and other special telephone order entry devices that they can use in the businesses.

Sunday

Computerized Inventory Management

10:00 a.m. - 11:30 a.m.

Paper distributors want to know how computers can be used more effectively in inventory control. Noted expert Gordon Graham will discuss the advantages of computerization of inventory and its impact on productivity and profitability.

J.G. (Gordon) Graham has been active in distribution inventory management for over 20 years. He is a well-known business consultant, a writer, and seminar leader. He has recently presented sell-out one-day seminars for NPTA.

Building a Winning Management Team: A Key To Your Success (open to all)

10:00 a.m. - 11:30 a.m.

How does a company executive build a winning management team? The **Young Executives Forum** of NPTA has created this seminar which is open to all.

A leading expert in team building will present the concept and invite discussion. Management success depends on the ability to be a part of someone else's team, and the ability to create teams and have other people work on them. The program will help them focus on how to get the most out of their management efforts.

YEF Working Lunch (open to all executives under 40 years of age)

11:45 a.m. - 2:30 p.m.

Following the "Team Building" seminar, a reception and working lunch for young executives will be held. This will give participants an opportunity to discuss what they have learned earlier in the day.

Each roundtable discussion will be held to reinforce the major points of the morning's presentation. (Tickets required: $45 each: See Special Events Order Form).

Monday

YEF Breakfast

7:30 a.m. - 9:00 a.m.

Young executives will have another chance to get together. This breakfast is designed to give participants the opportunity to solidify new contacts and review the ideas learned the day before.

The cost of the breakfast is included in the price of the Sunday working lunch, and is only open to executives under the age of 40. Tickets are required.

General Business Session

9:00 a.m. - 11:00 a.m.

This session has three very important presentations. Lionel Eltis, NPTA chairman of the board, will address the Convention on the theme "Strive for Excellence." He will also report on the state of the industry and the Association.

The second participant will look at the economics of the paper industry and the United States. Norma Pace, senior vice president of the American Paper Institute, will also look at how the upcoming election is likely to affect the economy.

The featured speaker for the General Business Session is Governor Lee Sherman Dreyfus, former Governor of Wisconsin. Dr. Dreyfus has had an outstanding career as an academician and businessman. His motivational message should not be missed.

Annual Business Meeting

11:00 a.m. - 11:30 a.m.

NPTA Members Only
The Annual Business Meeting of the National Paper Trade Association is an opportunity for members to learn of the activities of the Association in the past year. It is also a time to help forge the direction the Association will take in the industry.

The Future of Electrostatic Printing and its Impact on the Demand for Paper

2:00 p.m. - 3:30 p.m.

How will the "office of the future" concept change the demand for paper? Paul A. Strassmann, vice president systems applications of the Systems Group of the Xerox Corporation will explore the new role of paper in the business office of tomorrow.

The application of new reproduction technology will change marketing

The Future of Electrostatic Printing *(cont'd.)*

patterns for paper products. Paper merchants and their suppliers must look at the broad scope of this changing technology and prepare for the growth opportunities ahead.

Mr. Strassmann is a world-renowned expert on the subject of paper's place in the office of tomorrow. His presentation will be supported by research data from the Xerox Corporation, the leader in reproduction technology.

Tuesday

Management Programs:
These programs run from 9:00 a.m. - 10:30 a.m. and will be repeated 10:30 a.m. - 12 Noon.

The Promise of Telemarketing

Probably the best way to combat the rising cost of sales is to have your company move into telemarketing. Everyone is talking about the benefits of installing a telemarketing program, but to be successful requires a strong management commitment.

What are the true costs associated with implementing a telemarketing program? How can you compensate telemarketers? These and other questions related to the cost of a telemarketing program will be explored.

Health Care Cost Containment

How can you control an expense that has been growing at twice the rate of inflation for the past decade? Health care costs have become a major drain on company profitability.

Companies are finally coming to grips with this problem. Come and hear new insights into controlling and reducing your exposure in this area.

How Paper Merchant Managers Can Use Personal Computers

Should you buy a personal computer for use in your business? That question is facing many paper distribution managers whether their operations are fully computerized or not. Dr. Roger K. Harvey, president of Value, Inc., will help those attending with how to decide whether a personal computer will help them in their day-to-day management responsibilities.

Emphasis will be placed on actual needs, problems, available software, evaluation of hardware available, and application to paper distribution. Also, the question of "how much to spend to get what you need" will be addressed.

Registration Hours:

Friday, September 21:	4:00 p.m. - 8:00 p.m.
Saturday, September 22:	8:00 a.m. - 4:00 p.m.
Sunday, September 23:	9:00 a.m. - 4:00 p.m.
Monday, September 24:	8:00 a.m. - 4:00 p.m.
Tuesday, September 25:	9:00 a.m. - 12 Noon

General Business Session

Lionel W. Eltis is Chairman of the National Paper Trade Association and Chairman of the Board, Consolidated Marketing, Inc., Shreveport, LA.

He started his career at Consolidated at the age of 16 as a truck driver. For the past 50 years, Mr. Eltis has served in many capacities. He is past president of the Southwestern Paper Merchants Association and he has served on the NPTA Board of Directors, and as Chairman of the Education and Training Committee.

Lionel Eltis

Ms. Pace is senior vice president of the American Paper Institute headquartered in New York City. She is a well-known economist who serves on the boards of several major companies. Ms. Pace worked for many years in the field of economics and has been an advisor to presidents. She is a trustee of the Committee for Economic Development and a director of the U.S. Chamber of Commerce.

Norma Pace

Lee Sherman Dreyfus was governor of the State of Wisconsin from 1979-1983. For the 12 years preceeding that, he was president and chancellor of the University of Wisconsin. The Governor is a dynamic speaker who's charisma has captured the imagination of audiences throughout the country.

Lee Dreyfus

Special Events

The Chairman's Luncheon

The highlight of the 1984 Convention will be the Second Annual Chairman's Luncheon with proceeds being used to support the Paper And Plastics Education Research (PAPER) foundation. And for the first time, the "Stanley O. Styles Industry Excellence" award will be given.

The 1983 luncheon was held in honor of Mr. Styles — a man whose contribution to the paper industry spans 70 years. His selfless dedication brought well over 500 people who paid tribute to the great career of Stan Styles.

The Industry Excellence Award has been named in honor of Stanley O. Styles.

Now, the board of directors of the National Paper Trade Association has instituted the "Stanley O. Styles Industry Excellence" award. It is to be presented at the 1984 Chairman's Luncheon for the first time. Nominations are now being accepted by the Association. The announcement of the award winner will *not* be made public prior to the event.

"Our industry has not had a major award to recognize the important contributions made by its citizens," said NPTA chairman Lionel Eltis. "This award will carry with it the admiration of an entire industry."

Both paper merchants and manufacturers will be eligible to win the award. After nominations are received by NPTA, a board of the Association's officers and directors will make the final selection. "Through secret ballot, no one will know the winner prior to the event but the Association staff," said John J. Buckley Jr., president of NPTA. "The winner will be notified in advance, of course, but we are hoping that the drama of this announcement at the Chairman's Luncheon will generate a great deal of interest and excitement," Mr. Buckley said.

The award itself is now being designed and will be unveiled prior to the event. The Association plans to give the Stan Styles award annually to an industry figure who emulates the qualities of the man for whom the award is named.

Travel to Chicago on ANY airline at a discount

Come to Chicago for the Annual Convention and Exposition from anywhere in the country and **PAY LESS.** NPTA has arranged with Rich Worldwide Travel to provide substantial discounts to meeting attendees. And all you have to do to find out how much you can save is call.

Not limited to certain airlines

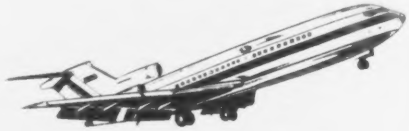
What has made Rich Worldwide so successful is its agreements with *all* major airlines. Most travel services make arrangements with just one or two carriers. That would be fine if your city is served by those airlines. If your city is not, you are out of luck.

Rich Worldwide books so many seats each year on so many airlines that they can obtain discounts for NPTA Convention attendees that no other organization can. And all you have to do to find out how much you can save is call.

Act now for best arrangements

Rich Worldwide is the official travel service for the 1984 NPTA Annual Convention and Paper/Plastics and Allied Products Exposition.

Don't wait to make your travel plans. The earlier you can make your arrangements, the better the chances you will be able to get what you want. Arranging early also helps avoid any airline price increases.



Call Toll Free

1-800-431-1130 - nationwide
1-800-942-1915 - New York State
212-828-8190 - New York City

Spouses Program: *Chicago Lifestyles*

Saturday
September 22
12:30 p.m - 2:30 p.m.
Ticket Price: $35.00

Personal Image: Whether we care to admit it or not, personal image is still a part of the American scene. While everyone agrees it's what's inside that really counts, obviously, it's what's outside that shows. The way we look and act can determine our effectiveness and our ability to influence others.

Discover the vibrant beauty that is you during this dynamic presentation by former New York cover girl and NBC Public Relations Director, **Noreen Hinds.** Learn exciting new ways to express your personal style by choosing colors, fashions, hairstyle, and makeup that best compliment your own unique image.

The day's events will begin with a "Welcome to Chicago" multi-media presentation. This exciting slide show will be followed by an elegant luncheon.

Personal Image Workshops: Following the Personal Image presentation, ladies may sign up for a *one-hour analysis of individual coloring, fashion, figure and personality* potential to make the most of their image. (Small groups of 4-6 people per session and there is an additional charge of $25 per person. Arrangements will be made on site.)

Sunday,
September 23
10:30 a.m. - 3:30 p.m.
Ticket Price: $40.00

The Artistic Life: An elegant buffet brunch awaits you at the Lake Point Tower Club overlooking the city from the top of a lakeshore skyscraper. Enjoy your favorite gourmet dishes as you admire the spectacular show.

Following brunch you will have a guided tour of the Art Institute of Chicago, one of the world's most renowned museums. Its treasures include Grant Wood's "American Gothic," Seurat's "Sunday Afternoon on the Island of La Grande Jatte," El Greco's "Assumption of the Virgin," and a collection of Impressionists to rival the Louvre.

You will be particularly delighted by the museum's special exhibit, "Degas in the Art Institute of Chicago," probably the most extensive collection of works in existence by the great French master. On view will be paintings, watercolors, drawings, prints and sculptures from the museum's private collection. You are sure to enjoy this memorable experience unique to Chicago. A special presentation at the Hyatt by a well known Degas expert will add to your enjoyment of the Degas exhibit.

Monday,
September 24
11:15 a.m. - 3:30 p.m.
Ticket price: $45.00

Chicago's Ethnic Heritage: Although a few of the more successful residents have moved to outlying communities, Chicago's internationally famous Chef Louis, owner of the renowned **Bakery Restaurant** has remained.

While most distinguished restaurateurs guard the secrets of their house specialties, Chef Louis invites his guests to partake in the inspiration and expertise that has won the **Bakery** world renown. Chef Louis will share with you some of his special recipes.

Following this presentation you will enjoy an elegant luncheon exclusively planned for guests of the NPTA.

Beyond the loop's towering skyscrapers lies a fascinating tapestry of neighborhoods. Drive through the tree-shaded Mid-North Historic District, view the architectural treasures on Chalmer's Place. Stroll down Alta Vista Terrace, a block of London-like houses straight out of Dickens.

See the mansions on Castlewood Terrace, where legendary stars such as Mary Pickford, Wallace Beery, and Charlie Chaplin lived during the early 1900s.

Festival at the museum

Chicago's fabulous Museum of Science and Industry will belong to NPTA party goers for one memorable evening on Sunday, September 23, 1984, 7:00 p.m. - 11:00 p.m.

This special party, arranged exclusively for NPTA, will allow those attending a leisurely, uncrowded stroll through this magnificent building: Chicago's most popular attraction.

The wide array of exhibits include: A train ride down to a working coal mine, "Yesterday's Main Street," a fairy castle, and much more.

An elegant buffet will be served and a lively Dixieland band will be on hand, cash bars will be provided. A deluxe motorcoach shuttle will provide transportation from the hotel.

The cost for this gala festival is $40 per person. Order tickets now!

The future of electrostatic printing explored at the 1984 Convention

Will the office of the future change the demand for paper?

Experts do not agree on how tomorrow's business office will consume paper. Some have said that much of the paper now being filled will disappear into computers. Others say "hard copy" is a fact of life and no one trusts a computer completely.

So what's a paper merchant to do?

The answer might be to listen to a logical presentation of the facts surrounding the copier and computer issue and gain insight. The NPTA Annual Convention will hold a special session on the future of electrostatic printing: Its potentials and problems.

Paul A. Strassmann, vice president systems applications of the Systems Group of the Xerox Corporation, will present his research findings. Supported by graphics and handout materials, he will make his case for the expansion of paper consumption in the office of the feature. As computers proliferate, so does business output; and so does the need for people to work with paper.

Be on hand Monday, September 24, 1984 at the Hyatt Regency Chicago Hotel for what will prove to be a most insightful presentation for paper industry managers.

Paul A. Strassmann

Paul A. Strassmann is vice president of systems applications for the Systems Group of Xerox Corporation, with responsibility for projects involving assessment of the effects of office automation.

Mr. Strassmann was director of administration and information systems for the corporation with world-wide responsibility for all Xerox systems activities. From 1972 to 1976, he served as general manager of its Information Services Division.

In February 1978, Strassmann was named vice president of strategic planning for the Information Products Group, and then in January, 1983, he was named to his present position.

Mr. Strassmann earned an engineering degree from Cooper Union, New York City, and a master's degree in industrial management from the Massachusetts Institute of Technology, Cambridge.

A Special Invitation

NEW MEMBERS

In the past year 40 companies have joined the National Paper Trade Association. It is expected that by Convention time there will be others. All who have become members in the past year will be wearing "new member" ribbons at the Annual meeting and all are encouraged to welcome them aboard.

The Association is now made up of 570 firms operating 1600 locations—the greatest number in the 81 year history of the Association. Members of NPTA may be found in every state of the Union and 18 foreign countries.

Reception for new members

All firms which have become members of the National Paper Trade Association in the past year will be sent an invitation to attend a special reception at the Annual Convention. The reception will be hosted by the Chairman of the Board of NPTA, Lionel W. Eltis, on Monday evening, September 24, 1984 in the Hyatt Regency Chicago Hotel.

New members should make plans now to attend this important event.

Young Executives Forum

Young Industry Managers Strive for Excellence

The Young Executives Forum (YEF) is a unique opportunity for all paper distribution industry managers under the age of 40 to sharpen their executive skills. Through networking, seminars programs, and special "Think Away Weekends" young executives develop and enrich their careers.

YEF chairman Jonathan O. Bloom, executive vice president of JB Papers, Inc. has announced a new format for the Annual Convention meeting of the Forum. It has been expanded to provide more time for interaction among participants and the speaker.

Building a winning management team: A key to your success

The 1984 program will begin with a presentation which is open to all Convention attendees. This will be followed by a reception and a closed luncheon where roundtable discussions at each table will be held. This type of working lunch will help YEF participants focus on the main points of speaker's presentation.

The following morning will see young executives coming back together for a champagne breakfast. This will help reinforce the ideas learned the previous day as well as solidify new contacts made.

New Trial Member Program Set

For those companies that did not participate in the 1983 NPTA trial member program, there is another opportunity. The new program will give nonmember paper merchant firms an opportunity to join the Association on a "trial" basis.

For six months, a company may receive the benefits of membership for $49 which is in addition to their nonmember Convention registration fee. It is a small amount which covers the cost of processing the firm's application.

Members are urged to seek out those companies in their area that are not now members of the Association and ask them to take advantage of the new trial member program. Helping the Association in this way will make a big difference in the years to come.

NPTA '84

STRIVE FOR EXCELLENCE

Schedule of Events

Friday, September 21

4:00 p.m. - 8:00 p.m.: Registration

Saturday, September 22

8:00 a.m. - 4:00 p.m.: Registration
9:30 a.m. - 12:00 Noon: New Frontiers in Industrial Paper Distribution
12:30 p.m. - 2:30 p.m.: Spouses Program
12:00 Noon - 5:00 p.m.: Exposition

Sunday, September 23

9:00 a.m. - 4:00 p.m.: Registration
10:00 a.m. - 11:30 a.m.: Computerized Inventory Management
10:00 a.m. - 2:30 p.m.: Building a Winning Management Team (YEF Program)
10:30 a.m. - 3:30 p.m.: Spouses Program
11:00 a.m - 4:00 p.m.: Exposition
7:00 p.m. - 11:00 p.m.: Festival at the Museum of Science and Industry

Monday, September 24

7:30 a.m. - 9:00 a.m.: YEF Breakfast
8:00 a.m .- 4:00 p.m.: Registration
9:00 a.m. - 11:00 a.m.: General Business Session
11:00 a.m. - 11:30 a.m.: NPTA Annual Business Meeting (members only)
11:00 a.m. - 4:00 p.m.: Exposition
11:15 a.m. - 3:30 p.m.: Spouses Program
2:00 p.m. - 3:30 p.m.: The Future of Electrostatic Printing

Tuesday, September 25

9:00 a.m. - 12:00 Noon: Registration
9:00 a.m. - 12:00 Noon: Management Programs:

- Telemarketing
- Health Care Cost Containment
- The Use of Personal Computers

12:00 Noon - 12:30 p.m.: Cash bar reception: Chairman's Luncheon
12:30 p.m. - 2:15 p.m.: Chairman's Luncheon

MANAGEMENT INFORMATION

Everything you wanted to know about paper distribution, but didn't know who to ask

What is the size of the market for...?

Do you have recent price indexes for...?

As a new paper distributor, I need some industry norms on...

How are financial measures calculated for...?

Questions like these are just the top of a tall stack of questions posed by member paper merchants to the NPTA Research Department. Each day managers call seeking information that will help them better understand their changing industry.

How does one evaluate a potential acquisition candidate properly? Is there a financial checklist to follow? What is the nature of my end-user base? As a new paper distributor, how do I get industry averages?

The Research Department at NPTA fields all questions to the best of its ability and within the law. Members often look for data to back up IRS audits, current economic indicators, or sales relative to the general economy. They frequently want historical information on sales activity/days outstanding/cost of inventory from the Sales Report and recommendations concerning computer software programs.

Members of NPTA expand their information-gathering network by constantly adding new sources of data. The NPTA Research Department attempts to fill merchants information needs. And to do this, the Department taps many sources of information.

- NPTA Performance Analysis Report (part-annually)
- NPTA Paper Merchant Sales Report (monthly)
- NPTA FactBook (annually, in Roster)
- U.S. Census
- U.S. Wholesale price indexes
- Other Associations
    - National Association of Wholesaler-Distributors
    - American Paper Institute
    - International Sanitary Supply Association
    - Single Service Institute
- Newsletters and trade magazines by the dozens
- Other government publications

The result is a wealth of industry and wholesaling information compiled in a library at NPTA headquarters.

What the Research Department has found though is that the answers to most routine questions can be found in the PAR report or *Paper Merchant Performance*. That is the best first place to look.

All requests for information from NPTA members are catalogued and reviewed periodically. This helps the Association track member interest. Topics of high interest are developed into *Management News* articles, publications, seminars or new services.

Notice of services available from MFI

Custom PAR analysis available

A personalized analysis of your firm's 1984 Performance Analysis Report (PAR) can be obtained from NPTA's financial service bureau, Management Foresight, Inc. Personal consultations at MFI headquarters in Columbus, Ohio, at a regional meeting, or at the September Convention can always be arranged.

However, MFI can run a second copy of your PAR report, mark it up with their written analyses, summaries, and conclusions, and record an audio cassette of the analysis. Cost is $325 for the second report and cassette. This may be a good way for members to obtain a personalized consultation without the extra costs associated with travel, lodging, and time.

For more details, please contact: Dr. Peter Mullins, Management Foresight, Inc., 1670 Fishinger Rd., Columbus, OH 43221; (614) 451-2382.

CALENDAR OF EVENTS

June

7. Dynamic Collection Techniques presented by Robert B. Thompson. Sheraton New Orleans, LA. Contact NPTA.

20. Telemarketing - The Key to Maximizing Your Sales Efforts presented by Milton S. Cotter. Marriott Hotel Dallas, Dallas, TX. Contact NPTA.

NPTA provides a new inhouse training program that will enable your salespeople to better understand, develop and penetrate their accounts for maximum results

Why do some of your salespeople develop their accounts more efficiently than others? Recent research shows that most successful salespeople: Have an account plan, understand their clients' needs, know what it is that will make their clients buy.

Obtaining the most from sales opportunities and achieving optimum selling performance are among the primary concerns of salespeople, whether they are experienced or not.

The Account Development Strategies (ADS) program trains people to analyze and understand accounts better, to formulate effective selling strategies, and to use practical and widely applicable tactics during sales calls. These are all used to build commitment for a sale.

ADS (developed by Xerox Learning Systems) is based on the premise that improvements in a salesperson's performance will result from an increased ability to affect or influence the sales process. To achieve its purpose, ADS unifies two basic principles: Need Satisfaction Selling and Strategic Account Planning.

Need satisfaction selling

Need Satisfaction Selling is based on this premise: **When people perceive that they have needs which benefits of a product or service can satisfy, they will be motivated to buy.** To be successful, therefore, the salesperson must be able to identify, understand, address, and satisfy the diverse and changing needs — both organizational and personal — of the decision makers involved in the sales cycle.

Strategic account planning

Strategic Account Planning is based on the relationship between the salesperson and the customer's organization: Rather than merely reacting to situations or occurrences, the salesperson must be able to make certain events happen. If momentum and commitment to the sale are to be built or maintained, **the salesperson must make things happen**.

Many salespeople acquire techniques for improving their selling performance by chance of by "hit or miss" experience. They seldom get the opportunity to study both a conceptual framework for developing accounts and a set of techniques for maximizing the motivation to buy. ADS provides just such an opportunity.

ADS on-site training

NPTA can conduct the first program for up to eight salespeople at your firm. Following the last half-day session (of the two-and-one-half day program), someone on your staff may wish to learn how to conduct these inhouse, on-site training seminars.

The NPTA trainer will explain the step-by-step program of administration for your firm. In addition, NPTA staff members are always available to answer questions you might have.

ADS has most recently and enthusiastically been implemented by Chris Strassburger, director of management development for Distribix, Inc. in Florissant, MO. His comments attest to his company's satisfaction with this dynamic new program.

Strassburger on ADS

With today's competitive selling environment, the salesperson has had to play more of a consultative role to be successful in addressing the needs of the sophisticated buyer. This role demands a good understanding of the strategic side of selling.

This is one of the main reasons Distribix decided to implement the Account Development Strategies program. We felt that for the salespeople to achieve their maximum success with new and current accounts they needed to advance their tactics beyond the basic fundamental selling skills and step-up to learning how to develop strategies. With our prior experience in the Xerox programs, such as PSS and MTT, we were confident that ADS would provide our salespeople that vital, strategic know-how.

Since the entire ADS course deals with the concepts and techniques of strategy development, we thought that our sales managers were the most logical choice to begin the program. They play an active role in working with each salesperson and their accounts. ADS would be an excellent tool for them to use in formulating strategies to grow in those accounts.

The response was overwhelming. They saw immediate, practical benefits that could be applied out in the field. They particularly enjoyed the ADS utilization of team-strategy sessions in the simulations (role plays). This allowed the transfer of the program's skills and techniques to a real world situation where sales management and the salespeople confer on the strategies to use in meeting a customer's needs. Now with the positive support of management, we will be moving forward with ADS throughout the Distribix Organization.

Actual framework for ADS

Prework:

- Identify and confirm the key events of the sales cycle.
- How to set sales call objectives.
- Plus and minus factors and how they affect the outcome of a call.
- Customer Feedback Questionnaire: A unique device whereby the customers evaluate the salesperson and the results are interpreted at the seminar.

Organizational Needs:

- How to recognize various organizational concerns: Finance, performance, and image needs that have a major impact on influencing the buying decisions of an account.

Tactical Probing:

- Positioning the call so you can "earn the right" to continue searching for areas of need.
- Reanalysis of your selling approach by reviewing an account's feedback.
- Determining the existence of conditions and problems in an account for background information.

Personal Needs:

- Recognizing how the customer's personal needs (power, achievement, recognition, affiliation, order, and safety) influence his behavior and attitude toward buying decisions.

Handling Obstacles:

- The definition of an obstacle and methods to overcome it so an agreement can be reached for both parties to develop a win-win relationship.

ADS is not designed for the new, inexperienced salesperson. It is a more advanced system of selling. Our sales professionals must meet our criteria of being a graduate of PSS and have been in the field selling a minimum of three years.

Another additional feature with ADS is the self-instructional, follow-up module included in each participant's kit. This allows the individual to continue practicing the skills after returning to their territories. It also provides a useful tool for sales management in a coaching session.

Now that we have management's commitment to ADS and have seen how it teaches us to take an *active* role in dealing with our customers' decision-making processes rather than just *reacting* to the factors in a sales cycle, our benefits can be unlimited.

Need more information?

Contact: Bruce Linden, Director of Education and Training, NPTA headquarters, (516) 829-3070.

CHAIRMAN'S CORNER

LIONEL ELTIS
NPTA's Chairman of the Board

Join us in Chicago

One of the many advantages that your membership in the National Paper Trade Association offers you is the Annual Convention. In my opinion, this is the highlight of the year for the Association and the membership. It offers our members an opportunity to meet, in a legal forum, in order to exchange information, receive new ideas and visit the largest Exposition dedicated to the paper merchant's business held anywhere in the world.

You realize that many foreign members make a trip to the Convention, and one of their prime reasons for attending is to view our exposition hall. Sometimes we find a lot more than we are looking for. If we get *one* good idea out of the Exposition, it is worth the cost and the time taken for the entire trip.

Our theme this year, "Strive for Excellence," will be carried out in our programming to help you gain new ideas and new insights into the management and operations of your business.

I urge you to start your planning now to attend our Convention in September in Chicago. I would like to suggest that you plan on bringing some of your middle management people with you in addition to the key personnel that usually attend. If you can remember back to how excited you were the first time you were given an opportunity to attend the NPTA Annual Convention, you will know the reason I say this. A trip to the Convention for your middle management people could be one of the best motivational programs you could offer.

The NPTA committees and board of directors met during the week of April 9th to finalize the plans and programs for this year's annual meeting. We will have outstanding speakers and seminars presenting subjects that are timely and important.

You will be able to pick up fresh ideas to implement or consider new techniques to help you. Paper merchants must continue to be the dominant factor in the distribution of these products. Plan now, mark your calendar for September 22nd through the 25th for our Annual Convention and Exposition to be held at the Hyatt Regency Hotel in Chicago. I'll see you there!

PAPER MERCHANT SALES REPORT

April, 1984

	NPTA REGIONS	SALES PER SELLING DAY APRIL 1984 -COMPARED TO- APRIL 1983	SALES PER SELLING DAY APRIL 1984 -COMPARED TO- MARCH 1984	SALES PER SELLING DAY 1984 YEAR-TO-DATE -COMPARED TO- 1983 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF APRIL		CALENDAR DAYS' COST* OF ENDING MARCH INVENTORY	
					1983	1984	1983	1984
INDUSTRIAL	1	+13.5%	+ 0.8%	+13.4%	38	42	59	--
	2	+19.7%	+ 4.2%	+15.0%	33	35	56	51
	3	+10.3%	- 5.0%	+12.5%	32	36	56	64
	4	+18.0%	+ 0.9%	+19.4%	32	37	53	62
	5	+11.6%	+ 1.5%	+10.0%	30	34	61	64
	6	+14.5%	+ 1.5%	+13.1%	36	38	56	--
	7	+ 1.8%	+ 1.3%	+ 1.7%	35	37	61	--
	NY METRO	+12.8%	+ 1.3%	+ 8.0%	50	42	37	--
	CHICAGO METRO	+15.3%	- 1.3%	+20.5%	41	35	59	--
	LA METRO	+10.8%	+ 0.9%	+11.8%	44	50	60	61
	US	+13.0%	+ 0.1%	+13.2%	35	38	55	60
PRINTING	1	+40.8%	- 1.4%	+38.9%	51	48	55	--
	2	+33.6%	- 2.8%	+34.4%	41	44	61	57
	3	+27.1%	- 8.1%	+31.6%	42	41	78	80
	4	+37.9%	+ 4.4%	+29.8%	42	42	67	69
	5	+31.0%	+ 1.8%	+28.9%	41	43	84	81
	6	+28.3%	+ 0.0%	+28.6%	40	39	60	--
	7	+28.1%	- 4.0%	+25.9%	37	40	74	75
	NY METRO	+40.7%	+ 1.3%	+44.9%	43	41	55	--
	CHICAGO METRO	+13.5%	- 4.2%	+22.2%	44	41	59	--
	LA METRO	+32.4%	+ 2.7%	+30.4%	37	44	73	78
	US	+32.4%	- 0.8%	+32.0%	42	42	68	73

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5,00x.

CORRECTION: NUMBERS IN THE FIRST THREE COLUMNS OF THE JANUARY, 1984 SALES REPORT SHOWED INCORRECT PERCENT CHANGES IN SALES PER SELLING DAY. THE DECIMAL POINT SHOULD HAVE BEEN MOVED ONE DIGIT TO THE RIGHT (I.E. 1.3% BECOMES 13.0%). THIS APPLIES TO ALL REGIONS, PRINTING AND INDUSTRIAL.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC, TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

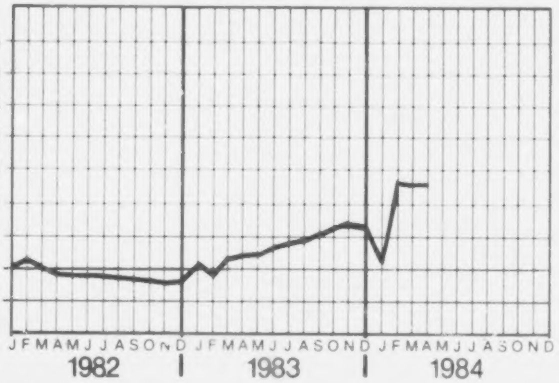
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

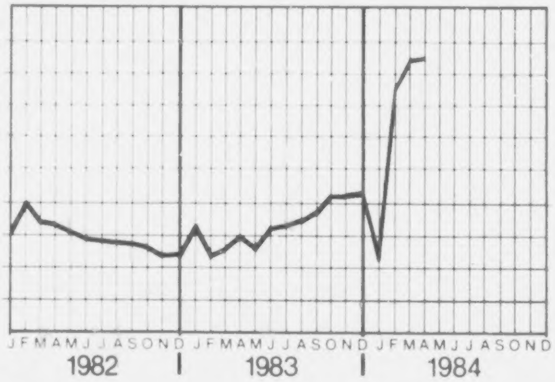
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

Paper Merchant Sales Report

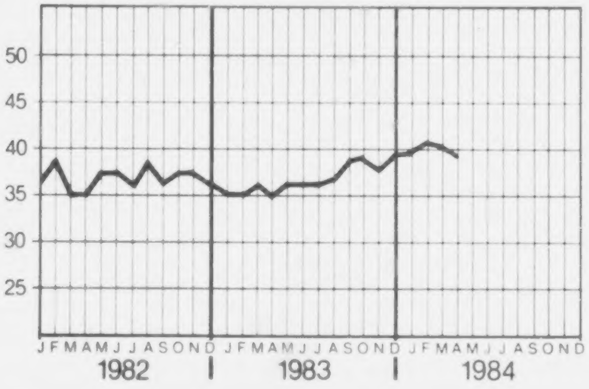
SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

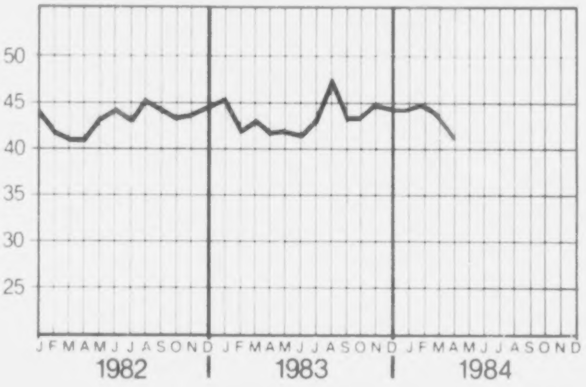
SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.


INDUSTRIAL PAPER SALES NATIONALLY

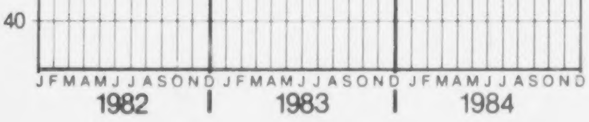

PRINTING PAPER SALES NATIONALLY

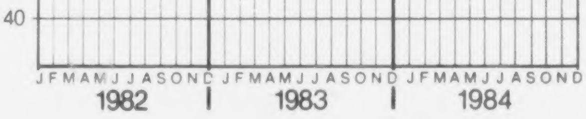
RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)


INDUSTRIAL PAPER RECEIVABLES NATIONALLY


PRINTING PAPER RECEIVABLES NATIONALLY

INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)


INDUSTRIAL PAPER INVENTORY NATIONALLY


PRINTING PAPER INVENTORY NATIONALLY

Proposed building depreciation change would harm wholesaler-distributors

The small business community is concerned about proposals by the Senate Finance and House Ways and Means Committees and even the Treasury Department to extend the 15-year Accelerated Cost Recovery System (ACRS) category for buildings to 20 years as a means of raising federal revenues.

Tampering with current ACRS provisions would raise only minimal revenues, and at tremendous cost to the economy in terms of depressed investment and decreased cash flow for capital improvements by small business, states the National Association of Wholesaler-Distributors (NAW).

The impact on the wholesale distribution industry would be particularly significant. States a wholesaler from Pennsylvania: "1983 was my company's best year ever, despite the difficult economic times, and that success was achieved only because ACRS made it possible for me to significantly improve and expand my warehouse. The ultimate result was dozens of new jobs."

Background

Wholesaler-distributors and other service industries fought for and gained the 15-year ACRS system, a major victory, under the 1981 Economic Recovery Tax Act (ERTA) on the grounds that it would stimulate investment and reduce the effects of inflation on the taxation of business. Pre-ERTA law was designed to allocate depreciation deductions over the period the asset was used in business so that deductions for the cost of an asset were matched with the income produced by the asset. Under conditions of sustained inflation, however, capital recovery was increasingly deficient under this system.

The principal method used to determine useful lives for personal property was the Asset Depreciation Range (ADR) system. For assets not eligible for ADR, and for taxpayers who did not elect ADR, useful lives were determined according to the facts and circumstances pertaining to each asset or by agreement between the taxpayer and the IRS.

For structures, IRS guideline lives ranged from 40 to 60 years, but actual lives claimed under the facts and circumstances approach could be shorter (37 years in the case of wholesaler-distributor warehouses). Warehouses could be depreciated using a 150% declining balance method or the straight-line method and wholesaler-distributors could use different lives for each separate component of a building, such as plumbing, wiring, etc., (component depreciation) or use a single life for the building and all components (composite depreciation).

Tampering with current ACRS provisions would raise only minimal revenues, and at tremendous cost...

The cash flow increase, over prior law, to the wholesaler-distributor who purchases or builds a new warehouse is enormous. For example, on a $1,000,000 warehouse, a wholesaler-distributor can recover 38%, or $380,000 of the investment in 4 years under ACRS. Less than 12% was recovered after 4 years under prior law. Over the entire 15-year period, 110% of the total investment is recovered under ACRS, while only 50% was recovered by this point under previous depreciation methods. This translates into a $600,000 cash flow increase on a $1,000,000 investment in the first 15 years. In short, the present ACRS makes it possible to finance modernization and expansion of facilities which would otherwise be foregone.

"A Closed Matter..."

Depreciation reform has been a major NAW legislative priority since 1975 when the first accelerated depreciation bill was introduced with NAW support.

NAW Vice President-Government Relations Nick Calio recently told leading Senate, House and Administration officials: "We thought that the ACRS for buildings was, rightfully, a closed matter. NAW and its members believe that the issue *should* be closed. The 15-year category for buildings is the only financially significant feature of ACRS for wholesaler-distributors, as well as the overwhelming majority of other non-manufacturing businesses which tend to acquire and hold their buildings for along period of time."

The present ACRS system is not only good for the wholesaler-distributors who use it, but for the economy in general. It provides wholesaler-distributors with the systematic capability to replenish capital stock and, thus, to finance modernization and expansion.

Finally, modification of ACRS for buildings would have its greatest impact on industries, like wholesale distribution, which already pay high effective federal income tax rates. Such a result is plainly unfair given the existing disparity in tax burdens.

ASSOCIATION File

Are you busy October 6-9, 1990?

The National Paper Trade Association wants to know. Its board of directors has just approved its Annual Convention schedule through 1990 which contains a few surprises.

"Members have expressed a lot of interest in moving the Convention around the country. New locations for our annual meeting will add excitement," said the NPTA chairman of the board Lionel Eltis. "As a service to our members throughout the country, the board felt it was time to bring the meeting to the people."

Planning a convention for 6,000 people years in advance requires a bit of work. Cities as possible sites must be investigated, hotel proposals must be reviewed, and sites visited before appropriate cities and dates could be considered by the board. The board deliberated and made its final selection.

"It is always dangerous to change the ingredients of a successful event. The Annual Convention has been the cornerstone of NPTA activities for over 80 years. So why tamper with it?" asked John J. Buckley, Jr., president of NPTA.

"The Convention has changed little during the past 25 years. Time has come to look closely at the nature and purpose of our annual meeting," said Mr. Buckley. "We must know whether it is meeting both merchant and supplier objectives."

As the premier event of the year for paper people, the NPTA Annual Convention has always been the focal point of attention. The Association has felt it should constantly provide a forum that will best serve the industry. John J. Buckley, Jr., asked, "Are there things that might be done to improve the comfort, enjoyment and ease of information exchange that underlies our Convention concept?"

The first step in the re-evaluation of the Convention was the selection of new sites. After that, an assessment of the interest of those who come to the meeting year in and year out. Comments and suggestions which might help improve this important annual event should be directed to NPTA president John J. Buckley, Jr.

Future Meetings

Dates		Cities	Hotels
1985	October 5-8	New York, New York	New York Hilton, Sheraton Centre
1986	September 13-16	Boston, Massachusetts	Sheraton-Boston, Marriott Copley Place
1987	September 19-22	Atlanta, Georgia	Westin Peachtree Plaza, Atlanta Marriott Marquis
1988	September 17-20	Chicago, Illinois	Hyatt Regency Chicago
1989	October 28-31	Anaheim, California	Anaheim Mariott, Anaheim Hilton
1990	October 6-9	Chicago, Illinois	Hyatt Regency Chicago

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NPTA MANAGEMENT NEWS

July, 1984

Highlights

Mead Merchants has new president

John W. Herbert has been elected president of Mead Merchants. He replaces Charles W. Joiner who moves to a new spot within the corporation. (P. 3)

Manufacturing Clause at issue again

The Manufacturing Clause of the U.S. Copyright Law states that material must be printed in the U.S. to receive copyright protection. The clause extension will run out shortly. What will the impact be for the printing trades? (P. 4)

Preliminary PAR findings

Here are the summary findings of the most extensive survey of the paper trade. The data base includes $7 billion in gross annual sales. (P. 6)

The role of the sales manager

Does a good salesperson make a good manager? What are the skills that every sales manager should have? This special "Dimensions in Training" feature explores the issue in two parts. (P. 11)

Size standard for small business will remain

A victory for wholesalers! After much protest, the SBA will maintain the 500 employee size standard threshold. (P. 15)

$1 million endowed chair program is launched by the PAPER Foundation

In a bold move to improve the quality of long range research in the paper distribution industry, the PAPER Foundation has established an endowment program at the University of North Florida. Fund raising has begun. (P. 16)

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Route To:

NATIONAL PAPER TRADE ASSOCIATION, inc.

NEWS OF PAPER TRADE ACTIVITIES

People in the News

Barry Yagnesak has been appointed corporate purchasing manager of Alling and Cory, and **Kenneth Keppner** was named corporate industrial purchasing manager.

Brian R. Ripley has been promoted to branch manager of Butler Paper Company's facility in Rochester, MN. **Tom Myers** was named branch manager of the company's Terre Haute, IN operation. **Chip Moser** has been promoted to sales manager of Butler's distribution center in St. Louis, MO.

Richard J. Greene has been named vice president of sales at Paper Enterprises in NY.

Robert E. McClafferty has joined the Morris Paper Company as credit manager of its Pittsburgh operation. **Robert L. Mays** has been appointed marketing manager, packaging products; **Donald P. Stocklein** has been promoted to marketing manager, industrial supplies and business papers; and **Frank Foley** has joined the Iron City Wiping Materials division of Morris Paper Company as sales manager.

David Shapiro has been appointed group development manager for Georgia-Pacific's Commercial Products & Systems Division. **Robert S. Carter** was named director of sales for the group.

Shirley-Jean Frick was named advertising manager of Gilbert Paper.

William Seymour, III was elected chairman of Crystal Tissue and succeeds the late W. Bender. Mr. Seymour will continue as president and CEO.

Georgia-Pacific makes acquisition of St. Regis assets

Georgia-Pacific Corp.'s agreement to acquire assets from St. Regis Corp. marks the achievement of G-P's stated intention to add linerboard capacity in the eastern part of the nation. The transaction will also advance the company's strategy to grow in the corrugated container sector and to balance its building products business with additional assets in the paper industry.

The two companies earlier announced that they had entered into a definitive agreement under which Georgia-Pacific would purchase St. Regis' linerboard and kraft paper mill at Monticello, MS, its domestic Container Division, consisting of 16 corrugated container plants, related timberlands and cutting contracts, and certain current assets related to these operations.

In connection with the transaction, Georgia-Pacific has acquired 2.7 million shares of St. Regis common stock and 45,000 shares of convertible exchangeable preferred stock (approximately 8.5% of St. Regis' outstanding common stock) from Loews Corp. and one of its insurance subsidiaries for $124.5 million in cash and $27.7 million in a non-interest-bearing note, payable in 3½ years. St. Regis has the right to call the stock at any time during a 5-year period in exchange for extinguishment of the $110-million note it received as part payment for the assets. Also, Georgia-Pacific has the right to exchange the stock for extinguishment of the note at the end of that period.

"This is an excellent strategic acquisition for Georgia-Pacific and continues our growth in a core business area where we have enjoyed substantial success," T. Marshall Hahn, Jr., chairman and chief executive officer, said. "We have stated for some time that we planned to add linerboard capacity in the eastern United States where we currently have none. The Monticello mill fulfills that objective by providing us with modern, world-scale facilities and excellent timberlands as well.

"This move adds to the eastern expansion we initiated in 1981 when we acquired nine corrugated container facilities east of the Rockies. The 16 additional St. Regis plants will complement our existing productive capacity and allow us better to develop our potential on a national basis."

Late last year, Georgia-Pacific announced a $45 million upgrade of its container operations to move itself further into higher-margin specialty containers, Hahn noted.

"The container business has been an excellent sector for Georgia-Pacific and we're delighted to have the opportunity for further progress with some first-class assets," he added. "Linerboard markets have strengthened substantially this year and the outlook for the next few years appears very positive," said Hahn.

"The sale of the Monticello kraft paper mill, the related timberlands and cutting contracts in Mississippi, and the sixteen domestic container plants to Georgia-Pacific Corporation is a further move toward rationalization of the overall business thrust of St. Regis," said St. Regis CEO William R. Haselton. "Also, the fact that a substantial block of St. Regis stock will be held for five years by Georgia-Pacific, under agreed-upon conditions, provides additional assurance that St. Regis will achieve the earnings goals of our long-term strategic plan," he said.

"In addition to a reduction in bank borrowing, the additional capital obtained from the transaction may be employed to accelerate the schedule of previously announced plans for an additional lightweight coated printing paper machine, plus possible acquisitions in other white paper areas and in consumer credit insurance and financial services, all of which have been highly profitable for the company," said Haselton.

"This opportunity to monetize our timberlands and re-orient the business of St. Regis will permit the company and its shareholders to secure a greater return on overall corporate assets.

"The company has no plans to sell its kraft facilities in Pensacola, Florida, or Tacoma, Washington, or its multiwall bag division operations," concluded Haselton.

Ris Paper acquires Diem & Wing

Ris Paper Company, one of the east's leading fine paper distributors, and Diem & Wing Paper Company, a highly regarded paper merchant in the Midwest, have reached an Agreement in Principal whereby Ris will acquire Diem & Wing. The announcement was made by Howard C. Ris, chairman and chief executive officer of Ris Paper and P.A. Stuhlreyer, Jr., chairman of Diem & Wing.

According to the terms of the agreement, Diem & Wing will operate as a wholly owned subsidiary of Ris, with John B. Schneider continuing as president and chief executive officer of Diem & Wing. He will also become a member of the board of directors at Ris Paper.

Commenting on the announcement, Benjamin W. Krieger, president and chief operating office of Ris, noted: "This is truly an exciting occasion for everyone associated with both companies. One of my major responsibilities as president is to develop a comprehensive and aggressive plan for internal growth, as well as the acquisition of well managed, quality merchants in other geographical markets. Diem & Wing meets that criteria as one of the finest merchants in its market area, and we enthusiastically welcome them aboard."

Stated Schneider: "We are delighted to be joining such a dynamic, growth-oriented company. Diem & Wing is now stronger than ever before and, therefore, better able to serve the growing needs of our customers and our mill sources in the markets we serve."

Ris Paper Company was founded over fifty years ago and, in recent years, has grown to include twelve branches in the eastern corridor from Maine to Virginia with a sales office in Dallas, TX. Diem & Wing Paper Company was founded in 1881, and has warehouses and offices in Cincinnati, Dayton, Columbus, Indianapolis and South Bend (the latter two operate under the tradename of C.P. Lesh).

Canover acquires Kirchheimer Brothers

Canover Industries has acquired the Kirchheimer Brothers Company of Schiller Park and Chicago, IL. The Kirchheimer acquisition will add decorative merchandise bags, printed gift wrap and florist papers to lines of paper products manufactured by Canover.

Herbert replaces Joiner as president of Mead Merchants

John W. Herbert, corporate group vice president for Mead Corporation's Consumer and Distribution group, has assumed the additional duties of president, Mead Merchants. The change follows the assignment of Mead Merchants division president Charles W. Joiner to develop strategies and to commercialize a new family of products for Mead Research.

Mead Merchants encompasses 36 distribution locations grouped into six geographic areas. Mead Merchants' area presidents and division staff will now report directly to Herbert.

John W. Herbert

Joining Mead Paper in 1948, Herbert has held a number of sales and sales management posts. He was named vice president in 1963 and president of the Mead Paper division in 1970. He was executive vice president of all divisions within the Paper group from 1974 until 1976 when he was appointed president, Mead Printing & Writing Paper division.

In 1981 Herbert was named group vice president, Consumer and Distribution, with responsibility for Mead Merchants, and Mead Products, the company's school, home-office and stationery business.

In his new post, Joiner has the responsibility of introducing products which will utilize Mead's micro encapulation technology in image reproduction. He joined Mead Merchants in 1981 after 14 years with Chrysler Corporation. At Chrysler he was general manager of its supply division. He had been president of Mead Merchants for the past two years.

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MERCHANT BRIEFINGS

PRINTING PAPER

Printers look at the first quarter paper supply situation

During the First Quarter, overall printing industry inventory increased by 1.8 days to an estimated 30.5 days paper on-hand in printers' plants and warehouses. The Second Quarter outlook is for stable to fractionally increasing printer publisher paper supply levels.

Here are some of the additional details about First Quarter activity reported by the National Association of Printers and Lithographers in their "Quarterly Printing Industry Business Indicator Report."

- 1.8 days of paper on-hand increase represented a 6.3% rise over Fourth Quarter 1983
- 38% of reporting printers increased their paper inventories
- 22% reduced paper inventories
- 40% reported no change
- 44% said paper was less available
- 6% maintained that paper was more available
- Some printers admit to "double ordering" by placing basically the same order with two or more merchants
- Some said that ordering cycles for certain grades has more than doubled
- Printers complained that the availability of discounted seconds has all but disappeared
- Some printers felt that the "overnight order" from the merchant is a thing of the past.

Will saddle stitching become obsolete in five years?

Don Maloney thinks so.

He is director of commercial products for Harris Bindery Systems. Maloney spoke at the Binding Industries of America's 30th annual convention in Dorado, Puerto Rico. His comments, reported in the *American Printer Market Letter*, outlined the advantages of adhesives over saddle stitching:

". . . in terms of size, thickness and speed, paper savings, layout production advantages for the printer, gimmick and attention getters for the publisher and advertiser - and the possibilities it allows for complete automation because of the necessity of opening a signature no longer exists, it is unparalleled."

Maloney contends that the marketing and production advantages of adhesive binding were being lost to the makeready advantages of saddle stitching. His company hopes to change that. Their new "zero makeready" adhesive binding system produces 5,000 pieces per hour.

Industry drafts manufacturing clause proposal

The Manufacturing Clause of the Copyright Law provides that in exchange for full U.S. copyright protection works by an American author in the English language must be printed in the U.S. The Clause is limited to "preponderantly non-dramatic literary works" - which means books, periodicals and other copyrighted works containing more words than pictures.

A legislative proposal to gain a further extension of the Manufacturing Clause of the Copyright Law has been prepared by Printing Industries of America (PIA), and efforts are underway to identify a sponsor in the House of Representatives. The PIA proposal would provide for an indefinite extension of the Manufacturing Clause; however, individual countries may apply for an exemption to the United States. In order to be certified for an exemption, the individual country must demonstrate that it has both substantially reduced its barrier to U.S. printing trade and agreed to recognize U.S. and international copyright conventions. In other words, any country that maintains trade barriers which unfairly discriminates against U.S. printers or fails to take action against copyright violators would continue to be covered by the Manufacturing Clause.

The PIA Government Affairs staff and representatives of book manufacturing companies have met recently with House Trade Subcommittee Chairman, Sam Gibbons (D-FL), and the ranking Republican on the Trade Subcommittee, Bill Frenzel (MN), to discuss the new approach. Both members have reacted positively, reports PIA, although both Gibbons and Frenzel opposed the Manufacturing Clause extension in 1982. Efforts are underway to meet with Bob Kastenmeier (D-WI), Chairman of the Courts Subcommittee which is responsible for the oversight of the nation's copyright laws.

INDUSTRIAL PAPER

Computer care a new area for paper merchants

While the age of the sterile computer room has about passed, the need for care and proper maintenance of this very expensive and important part of the operation continues. The market for maintenance supplies in this area has grown steadily, due to the growth of the mini and micro computer for use in small businesses and the main frame type systems for larger organizations.

The marketing of products in a "full-care service package" for computers has become a most lucrative area for merchants already carrying janitorial supplies.

One application is the use of solvent cleaners for dissolving grease and oil. This eliminates the need for the costly disassembling of the components. Other products include a non-abrasive silicone for use on CRTs which reduces dust build-up, scratches and fingerprints and oils on the screen. There are many types of tape unit cleaners which are used for precision cleaning of tape transport components and printing components. Also needed are various wipes for general cleaning purposes.

Generally, what is meant by "full service" includes the maintenance of the computer bay and all CRTs connected to it as well as the rooms housing the central processing unit and disc drives to keep them as free from dust and moisture as possible. There are also daily maintenance supplies for use by operators and general janitorial supply personnel. These include cleansers for keyboards and CRT screens, and dehumidifier filters.

An additional tie-in to adding this service is the sale of computer paper, general janitorial supply (towels, toilet tissue, etc.) to new accounts who may be unaware of these additional product lines.

Broken drinking glass injury rate up 25%

A dramatic increase in the number of injuries caused by broken drinking glasses from 1981-1982 was 25% according to the National Electronic Injury Surveillance System (NEISS) of the Consumer Product Safety Commission. As reported by the Single Service Institute, 1982 saw the estimated number of injuries shoot up from 80,121 in 1981 to 100,019. NEISS officials have reported that 1983 will show injuries climb over 105,000.

NEISS estimates are statistical projections from actual cases recorded from a sampling of hospital emergency rooms across the country.

It is clear from this trend that the use of glass continues to be a hazard for drinking. Paper and plastic alternatives could reduce this injury rate substantially if purchasers are aware of the risk factor presented by glass drinking containers. Merchants can use these figures when selling paper and plastic cups. In addition to their safety, single use containers are more sanitary.

The paper vs. plastic bag question is still at issue

A tight oil situation begat higher prices for petroleum products, which begat increased costs for plastic bags. Of course, that has changed.

The *Wall Street Journal* reports that plastic bag manufacturers are again aiming at the paper grocery food sack. They claim to be gaining ground due to the price stabilization of oil and the increased cost of kraft.

As evidence, some major grocery chains have switched to plastic, at least partially. In the past 10 years, Canada has seen 50-60% of its paper sacks replaced by plastic. At present, U.S. grocers still prefer and use paper 10 to 1.

Trends come and go, but the advantages of a stiff paper sack are hard to beat. Then what's all the fuss about? $500 million are spent each year on this one particular item!

Industrial Paper Division convention program

This year's Industrial Paper Program will be split into two separate parts. The first deals with new advances in computer technology for merchants, and the second is on the industrial paper merchant's role in janitorial supply. The umbrella title for both programs will be **The New Frontiers in Industrial Paper Distribution.**

Don't miss what will be a very dynamic program for all distributors of Industrial and Allied Products, Saturday, September 22, 1984 at the Hyatt Regency Chicago Hotel.

Merchants Recover with Strong Sales Gains

Did You Beat the Averages?

Overall Summary

The 1984 Performance Analysis Report (PAR) for calendar year 1983 reporting on paper merchant operations represented nearly $7 billion of printing and industrial sales. This is a substantial 10.9% increase over last year's sales volume represented by the PAR survey. Over 51% of survey respondents' total sales was accounted for by printing paper merchants, and over 19% for industrial survey participants, both five-year highs. Conversely, the dual merchant's share slipped to about 30% of total sales represented.

The Average Firm

The "average" printing, industrial and dual paper merchant is constructed here by analyzing key performance measures for 1982 and 1983. Your operation may differ from regional or national averages, however, it **is** useful to compare your results with these industry "yardsticks" to see how well your company has performed. **Median** figures have been used for all data, meaning that 50% of the companies are below this number, 50% above. Whenever possible, reference is made to specific regions or to upper and lower quartile groups. (The *upper* quartile value is the figure one-quarter of the way down from the very strongest number. It is the figure halfway between the very strongest and the median value. The *lower* quartile figure is one-quarter up from the very weakest ratio. It is the figure halfway between the median and the weakest value.)

Sales

PAR results indicate that merchants continued to recover from the 1982 recession. They posted 1983 sales gains substantially higher than those reported in 1982 and have outpaced the increases in the Bureau of Labor Statistics (BLS) producer price indexes for printing paper (+3.1%) and industrial paper (+1.2%).

The highest median net sales volume of survey respondents was for **printing** houses, up 7.6% to $18.18 million. Second highest net sales were for **dual** houses, up 20% to $15.05 million. Median sales volume for **industrial** houses was up sharply, 30% to $9.73 million. Sales personnel productivity is measured by company sales generated per outside sales rep versus his/her total compensation. This was also up strongly. **In all three** merchant classifications, sales per outside sales rep rose faster than that person's compensation.

Profitability

All three merchant groups cut their total operating expenses (as % gross profit). **Warehouse** gross margins (as % warehouse sales) were down slightly for all groups except dual merchants' industrial paper business. **Direct** gross margins (as % direct sales) were down slightly for all groups except dual merchants' industrial paper business. **Direct** gross margins (as % direct sales) were down slightly for printing merchants and dual merchants' printing paper business. Direct margins were up slightly for industrial merchants and dual merchants' industrial business. **Indirect** gross margins (as % indirect sales) were up significantly for printing merchants, and up slightly for the industrial side of dual merchant operations. Indirect margins were down slightly for industrial houses, and held steady for the printing side of dual operations.

Net profits before taxes (as % net sale) were improved across-the-board during 1983.

Inventory & Receivables

Inventory turnover was higher in 1983 for industrial merchants (7.51X per year), and on the printing paper side of the average dual house (4.98X). Turnover fell for printing merchants (4.84X) and the industrial side of the average dual house.

Printing and industrial paper merchants cut their average collection period (days of receivables), but this performance measure was up slightly for industrial merchants.

The *average* printing paper merchant did about $18 million in net sales for 1983. There was quite a spread in sales gains between the lower quartile group (+2.11%) and the upper quartile firms (+19.47%). Larger firms also registered much higher sales gains.

THE AVERAGE PRINTING PAPER MERCHANT

(MEDIAN MEASURES)	1982	1983	Your Firm
Total Net Sales ($000)	$16,895	$18,182	
Percent Sales Change Over Prior Year (%)	4.27	11.24	
Total Operating Expenses As % Gross Profit (%)	87.95	86.13	
Warehouse P.P. Gross Margin As % Warehouse P.P. Sales (%)	21.27	23.94	
Direct P.P. Gross Margin As % Direct P.P. Sales (%)	7.15	6.84	
Indirect P.P. Gross Margin As % Indirect P.P. Sales (%)	16.75	18.19	
Net Profit Before Taxes As % Net Sales (%)	1.74	2.14	
P.P. Inventory Turnover (Whse. Only, X)	5.05	4.84	
Days Sales in Accts. Receivable Nov. 30 (Days)	43.12	42.51	
*Sales Per Outside Sales Rep ($)	$1,161,000	$1,217,000	
*Avg. Pay & Travel Exp. Per Outside Sales Rep ($)	$43,120	$41,450	

*Including Supervisors

Printing merchants' sales reps generated an average of $1.2 million (up 4.8%), while earning $41,450. Moderate gains in net sales per employee were enjoyed, with the best performance being registered in NPTA region 1—up 14.4% (refer to page 13 for regional breakdowns).

Warehouse gross margins overall ranged from 22.09% - 25.62% (lower vs. upper quartile groups), for a median figure of 23.94%. NPTA region 5 firms enjoyed the highest warehouse margins at 26.35%. **Indirect** gross margins ranged from 16.08% - 20.33% overall, for a median figure of 18.19%. **Direct** gross margins ranged from 6.02% - 7.88%, with a median figure of 6.84%. NPTA regions 2 and 6 surpassed that number. Generally, *smaller* firms had higher direct printing paper margins.

For warehouse inventory, NPTA region 2 firms had a significantly higher turnover than the average firm, 6.08 versus 4.84 times per year.

The *average* industrial paper merchant sold $9.7 million of product in 1983. The median sales increase was 7.98%, ranging from 1.97% for the lower quartile group to 15.69% for the upper group. The smallest firms (under $3 million in sales) had the biggest sales gains (11.6%). In general, industrial merchants within NPTA regions 2 and 7 fared less well.

The *average* industrial sales rep sold $639,000 of product in 1983, up 16% over last year, while earning $35,960 (up 11.5%). Sales per sales rep rose steadily with company size. NPTA region 2 reps sold significantly more than this median figure, $784,000.

Warehouse gross margins overall ranged from 21.91% - 26.95% for lower-upper quartile groups. NPTA region 6 firms and those in the sales volume class of $3-6 million had highest median warehouse margins. **Direct** margins ranged from 10.52% - 17.43%. Smaller firms had the highest margins here, and NPTA region 6 firms far surpassed the median figure of 13.15% with 18.81%. **Indirect** margins ranged from 18.28% - 27.02%, with the median being 24.72%.

For warehouse inventory turnover, region 4 merchants and those in the $12-25 million sales class had the highest rates, 8.20 and 8.59 times yearly, versus a median 7.51 times.

The *average* dual merchant generated $15 million in 1983 net sales. Generally speaking, the larger firms had bigger sales increases. The typical dual merchant's outside sales rep sold $969,000 worth of product (up 12.7%) and earned $40,950. Net sales per employee were up the most in region 2, 34.6%. While salesmen's compensation rose 9.4%, the sales they produced rose **12.7%** overall.

On the printing paper side of their business, sales were up sharply from 1982 results, for both direct and warehouse & indirect sales. Gross margins were down slightly across-the-board. Inventory turnover rose marginally, to 4.98 turns per year.

For the industrial side, sales gains were less robust, 2.8% warehouse & indirect and 3.5% direct. Warehouse gross margins rose slightly to 21.69% of warehouse sales, as did direct margins (to 13.75%), and indirect margins (to 20.93%). NPTA region 3 dual firms had much higher median direct margins (16.28%), as did firms with sales under $4 million (16.19%).

EDITOR'S NOTE: 1983 PAR data is very comprehensive and could never be covered adequately in one article alone. We will be publishing more and different financial statistics in upcoming issues. If more information on a specific measure is needed (by region, sales volume, quartile or ROTA—Return On Total Assets group), please call the NPTA Research Director. *Paper Merchant Performance* will be mailed to members in July, and will contain a wealth of PAR statistics and analyses.

THE AVERAGE INDUSTRIAL PAPER MERCHANT

(MEDIAN MEASURES)	1982	1983	Your Firm
Total Net Sales ($000)	$7,448	$9,730	
Percent Sales Change Over Prior Year (%)	2.41	7.98	
Total Operating Expenses As % Gross Profit (%)	92.87	91.22	
Warehouse I.P. Gross Margin As % Warehouse I.P. Sales (%)	24.31	24.02	
Direct I.P. Gross Margin As % Direct I.P. Sales (%)	12.29	13.15	
Indirect I.P. Gross Margin As % Indirect I.P. Sales (%)	25.51	24.72	
Net Profit Before Taxes As % Net Sales (%)	1.56	2.27	
I.P. Inventory Turnover (Whse. Only, X)	7.40	7.51	
Days Sales in Accts. Receivable Nov. 30 (Days)	34.90	35.66	
*Sales Per Outside Sales Rep ($)	$551,000	$639,000	
*Avg. Pay & Travel Exp. Per Outside Sales Rep ($)	$32,260	$35,960	

*Including Supervisors

CALENDAR OF EVENTS

July

12. Successful Inventory Management for the Wholesale Paper Distributor, Hyatt Des Moines, Des Moines, IA. Contact NPTA.

August

28. Successful Inventory Management for Wholesale Paper Distributor, Boston Marriott Hotel, Boston, MA. Contact NPTA.

30. Successful Inventory Management for the Wholesale Paper Distributor, Boston Marriott Hotel, Boston, MA. Contact NPTA.

September

6. Profit Improvement Day, Columbus Marriott North Inn, Columbus, OH. Contact NPTA.

22-25. NPTA's Annual Convention and Paper/Plastics Allied Products Exposition, Hyatt Regency Chicago Hotel, Chicago, IL. Contact NPTA.

THE AVERAGE DUAL MERCHANT

Overall Measures

(MEDIANS)	1982	1983	Your Firm
Total Net Sales ($000)	$12,532	$15,048	
Percent Sales Change Over Prior Year (%)	-0.26	5.63	
Total Operating Expenses As % Gross Profit (%)	88.25	87.01	
Net Profit Before Taxes As % Net Sales (%)	2.12	2.35	
Days Sales in Accts. Receivable Nov. 30 (Days)	38.49	37.70	
*Sales Per Outside Sales Rep ($)	$860,000	$969,000	
*Avg. Pay & Travel Exp. Per Outside Sales Rep ($)	$37,420	$40,950	

Printing Paper Business

(MEDIANS)	1982	1983	Your Firm
Percent Sales Change Over Prior Year (%)			
-Warehouse & Indirect	0.35	7.24	
-Direct	0.91	8.23	
+Warehouse Gross Margin As % Warehouse Sales (%)	23.87	23.14	
Direct Gross Margin As % Direct Sales (%)	7.95	7.32	
Indirect Gross Margin As % Indirect Sales (%)	17.90	17.87	
+Inventory Turnover (Whse only, X)	1.87	1.98	

Industrial Paper Business

(MEDIANS)	1982	1983	Your Firm
Percent Sales Change Over Prior Year (%)			
-Warehouse & Indirect	-0.07	2.78	
-Direct	-2.21	3.49	
+Warehouse Gross Margin As % Warehouse Sales (%)	21.48	21.69	
Direct Gross Margin As % Direct Sales (%)	13.13	13.75	
Indirect Gross Margin As % Indirect Sales (%)	19.77	20.93	
+Inventory Turnover (Whse only, X)	5.38	5.33	

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*Including supervisors +On non-LIFO basis

Sales Personnel Productivity Trends

Today, sales compensation and sales department productivity is as important a topic for paper distributors as for most other industries. As the cost of a typical sales call continues to escalate, more merchants are utilizing telemarketing programs of one kind or another and are scrutinizing inside sales sales service departments more closely.

In the table (P. 10), key **PAR** performance measures for 1982-83 are presented that cover: the overall sales department, outside sales reps, sales service personnel. It may be valuable to compare your firm's averages to these industry medians.

Both sales and gross profits per sales department employee were up in 1983 for all merchant groups. Except for industrial houses, gross profits rose faster than sales. Sales service and selling expenses as a percent of gross profits were reduced in 1983 by printing and industrial houses, but rose for dual merchants.

The *average* **printing** paper outside sales rep sold $1.2 million of product in 1983, up 4.8% from 1982. Meanwhile, that rep's average pay plus travel expenses were held in check, actually declining 4.4% to $41,500. The average **industrial** paper sales rep generated **$639,000** in sales, up 16% over 1982. That rep earned a median salary of $36,000, up 11.5%. The average **dual** rep did some **$969,000** in sales, up 12.7%, while earning **$40,900**, up 9.4%.

Gross profit per outside sales rep was improved most by industrial houses - up 23% during 1983. Sale rep's pay plus travel expenses took a smaller bite of gross profits across-the-board in 1983.

For **sales service personnel,** the increase in sales generated per employee outpaced salary increases for printing and industrial houses, but not for dual merchants. The median salary of these employees ranged from $15,900 to $18,200. Sales per sales service employee were up a strong 13.9% to $2.12 million for industrial merchants, who also experienced the greatest improvement in gross profits per sales service employee, up 7.9% to $451,800.

Editor's Note: The *average* outside sales rep figures are calculated by dividing the gross annual sales of the company by the number of sales people. Because most firms have fewer inside sales and sales service people, the amount per employee is naturally much higher.

(Continued on page 10)

CHAIRMAN'S CORNER

A change for *Management News*

LIONEL ELTIS
NPTA's Chairman of the Board

This is the last time you will see NPTA *Management News* in this form. It's changing to better serve our industry.

What started out in 1959 as *Current*, a four page newsletter, only a year ago became *Management News* running 16-20 pages monthly. With the August edition, *Management News* will be our newest industry magazine. It will take on a new four color look, but will continue the tradition of providing quality information to the managers of the paper distribution industry.

Before this, much work had been done to find out reader interests. A readership survey conducted last March by an outside consulting firm gave us a very pleasant surprise — *Management News* was ranked highest in value of all publications serving the paper distribution industry. The survey also showed that it is read regularly by 98.2% of those receiving it; and for each copy of *Management News* that is sent out, about five people read it!

We're very happy that you find this publication so valuable. Then why should we change it? Well, NPTA felt that through the addition of advertising, run on a limited basis, we could turn our newsletter into a magazine and use the advertising income to further expand and improve our product. You, the reader, will judge whether we accomplish this.

We feel confident that *NPTA Management News* magazine (which will use "MN" as its nickname) will continue to provide quality information. As we grow and develop it becomes increasingly important for us to know the information needs of the members. In the new scheme of things, *MN* will be asking for your opinion more often. Remember, it's our best way to keep on track, and we really *do* want to know what you think!

PERSONNEL PRODUCTIVITY MEASURES FROM PAR SURVEY

Sales, Gross Profit, Compensation
(All Data Are Medians)

	Printing			Industrial			Dual		
Overall Sales Department	1982	1983	Your Firm	1982	1983	Your Firm	1982	1983	Your Firm
Sales Per Sales Dept. Empl. ($000)	$755.7	$782.1		$445.1	$495.0		$580.7	$602.3	
G.P. Per Sales Dept. Empl. ($000)	118.1	127.8		100.4	107.5		103.9	108.8	
Sales Service & Selling Exp. As % G.P. (%)	38.7	37.3		39.4	38.9		35.1	36.2	
Outside Sales Reps									
Sales Per Outside Sales Rep ($000)	$1,160.8	$1,217.0		$551.4	$639.4		$859.8	$968.9	
G.P. Per Outside Sales Rep ($000)	183.9	195.8		120.7	148.6		154.6	164.0	
*Avg. Pay & Travel Exp. ($000)	43.4	41.5		32.3	36.0		37.4	40.9	
*Avg. Pay & Travel As % G.P. (%)	24.6	23.2		24.6	24.1		25.7	24.8	
Sales Service Personnel									
Sales Per Sls. Serv. Empl. ($000)	$2,251	$2,426		$1,862	$2,120		$1,806	$1,820	
G.P. Per Sls. Serv. Empl. ($000)	347.0	361.0		418.9	451.8		325.1	301.5	
Avg. Pay of Sls. Serv. Empl. ($000)	17.1	18.2		15.3	15.9		15.9	16.2	

*Including supervisors

G.P. - Gross Profit Empl. - Employee Exp. - Expenses

DIMENSIONS IN TRAINING

PART I: The Sales Manager as Leader

The role of the sales manager in paper distribution

Today more than ever, the top management in paper distributorships have come to realize that the outstanding sales manager must have the skills and competencies to manage both his company's sales and salespeople. However, the job of managing sales is quite different from managing people. Traditionally, top management has looked for sales managers proficient in the line selling situation but who have been weak in directing, controlling, and developing the individual in the territory.

The sales manager who can master the skills of closing sales, train, and develop salespeople is a great asset to the firm. Most recent research has shown that lack of field training of salespeople contributes to their high turnover. To combat this, the sales manager must therefore be a leader.

Leadership

There are many definitions of leadership; President Eisenhower's is quite appropriate: "You do not lead by hitting people over the head," he said. "Any damn fool can do that, but it is usually called assault, not leadership. I'll tell you what leadership is - it's persuasion, conciliation, education, and patience. It's long, slow, tough work. That's the only kind of leadership I know, believe in, or will practice."

The effective leader must have an understanding of supervisory goals:

- organization of salespeople's efforts
- improving sales presentations
- reducing travel expenses
- improving territory coverage
- improving personal effectiveness of salespeople
- servicing customers
- evaluating salespeople's performance
- improving salespeople's use of sales tools
- maintaining communication between management and salespeople
- on-the-job training of salespeople
- establishing objectives for salespeople
- improving sales services
- raising morale of salespeople

Sales vs. Management Leadership

While this article focuses on the sales manager's role, rather than on personality traits, it is important to note that success in sales managing comes from a conscious dedicaton to the belief that selling is not enough - that what is needed is **managerial leadership skills.**

The manager of salespeople has three areas of responsibility:

- Salespeople control
- Customer control
- Prospect control

The Manager	The Salesperson
Creates a plan, builds an organization, delegates, leads, and reviews.	Carries out instructions.
Gets things done through people.	Does the work alone.
Makes things happen.	Waits to be told.
Makes decisions systematically.	Lets others make the decisions.
Thinks money and territory profit.	Thinks sales volume, not profit.
Makes maximum use of support people and programs.	Resents "outside experts" and "home office stuff."
Thinks of "my territory, my company, my customers."	Thinks of "the company, those customers, the territory."
Believes that he or she is in control of his or her future.	Wonders what "they" are going to do to him or her.

Standards of performance and job targets are a starting point for the sales manager to help the individual salesperson define specific territories and account assignments. If the sales manager must manage by objectives (MBO), the salesperson must sell by objectives (SBO).

The sales manager must be aware that each salesperson:

- wants to know what is expected of him or her
- wants to participate in decisions affecting his or her results
- feels his or her performance is appreciably improved when he or she can influence the results attained
- wants feedback on how he or she is doing
- feels his or her performance is improved as the manager shows interest in his or her results
- wants recognition for his or her contribution

Fundamental to the management process is a re-definition and clarification of objectives. Between the salesperson and manager this includes the following:

- a mutually developed list of goals or targets to be reasonably accomplished during the coming year.
- an analysis in-depth of the salesperson's progress in reaching the previous year's goals or targets
- some qualifications of the salesperson's personal improvement program, designed to assist in reaching his career goal

The manager must understand the salesperson as an individual as well as a member of the sales team. Leadership will receive a positive response when it provides the means for people to attain personal objectives and satisfy individual needs.

Next month, *Part II: The Sales Manager As Teacher*

The Manager's Notebook

Getting the most out of support staff

Your secretary or administrative assistant can be one of your most valuable assets. Here are a few tips from **Working Women** *magazine that will help you manage these important people more effectively:*

- **Start the day** *by meeting together. If possible, have someone else answer the phone and greet visitors. Outline the day's priorities and discuss assignments. Get an update on progress of major assignments.*
- **Schedule a five-minute meeting** *at the end of the day. If you're not in the office daily, schedule meetings whenever possible.*
- **Protect the secretary's time.** *When the secretary is working on major projects, make sure that the usual interruptions don't occur. Ask someone else to answer the phone or answer it yourself for an hour a day.*
- **Bring in a temporary** *employee occasionally to free your secretary for a day to work on an important report. Psychologically, this communicates that the secretary's time is valuable as he or she works on high priority projects while the "temp" handles routine tasks.*
- **Keep your secretary informed.** *Always tell your secretary where you are going and when you expect to return. Use your secretary as a sounding board. Often secretaries know more than bosses about what's going on in a department or company.*

Why some high achievers stumble

High achievers usually wind up with greater responsibilities. But some don't. Why? The Center for Creative Leadership studied Fortune 500 managers and reported the following in **Executive Productivity**:

- **Lack of sensitivity.** *Managers who treat others poorly seldom get promoted to the top.*
- **Rigidity.** *When consistency (a desirable trait) leads to inflexibility, changes seldom occur. And the people at the top are looking for managers who can effect changes.*
- **Too much ambition.** *If a manager is more concerned with promotions than with doing a good job, then promotions won't continue to come.*
- **Single-mentor mentality.** *Managers who don't learn from any mentors seldom develop their own management style—a minus when promotions are considered.*
- **Refusal to accept blame** *for mistakes. Managers who can't shoulder the blame for errors and fix the problem are seldom successful.*

Working women prefer male bosses

Women in the workforce prefer a male boss to a female by better than two to one, according to a new survey by Kane, Parsons and Associates as reported in the **Sales and Marketing Executive Report**.

39% preferred to work for a man while only 16% opted for a woman (45% had no preference). The reasons given were: "Men are fairer and more understanding," whereas women tend to be "petty, envious, power-mad and too aggressive."

However, of the women surveyed who currently work for a female, 76% described their bosses as either "fair" or "unbiased," or as "exceptionally understanding" and "supportive," compared to 66% who said the same about their male bosses.

Sometimes perceptions are not supported by the facts!

PAPER MERCHANT SALES REPORT

MAY, 1984

	NPTA REGIONS	SALES PER SELLING DAY MAY 1984 -COMPARED TO- MAY 1983	SALES PER SELLING DAY MAY 1984 -COMPARED TO- APRIL 1984	SALES PER SELLING DAY 1984 YEAR-TO-DATE -COMPARED TO- 1983 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF MAY 1983	1984	CALENDAR DAYS' COST* OF ENDING APRIL INVENTORY 1983	1984
INDUSTRIAL	1	+13.1%	+ 3.9%	+ 7.5%	39	44	57	--
	2	+17.2%	- 0.8%	+12.6%	34	37	51	56
	3	+14.7%	+13.2%	+17.8%	34	38	66	69
	4	+13.1%	+ 2.6%	+20.1%	34	37	51	57
	5	+ 8.9%	+ 6.2%	+10.4%	33	34	60	62
	6	+ 8.7%	+ 5.1%	+13.9%	40	40	54	--
	7	+ 7.2%	+ 7.0%	+ 1.3%	35	39	60	56
	NY METRO	+12.2%	+ 0.4%	+ 6.7%	43	43	30	--
	CHICAGO METRO	+14.8%	+ 4.4%	+12.2%	41	38	60	--
	LA METRO	+ 9.7%	+ 1.3%	+ 9.5%	43	51	57	59
	US	+12.2%	+ 5.5%	+13.1%	36	39	54	59
PRINTING	1	+37.0%	+ 9.0%	+29.2%	53	50	57	--
	2	+33.6%	- 5.3%	+28.9%	43	45	60	62
	3	+29.1%	+30.1%	+33.7%	44	42	82	91
	4	+31.2%	- 4.0%	+29.2%	41	42	69	70
	5	+31.6%	- 3.0%	+27.8%	42	45	78	85
	6	+28.0%	+ 0.2%	+19.3%	42	40	58	--
	7	+28.4%	+ 2.9%	+19.5%	40	40	73	84
	NY METRO	+53.1%	+ 4.8%	+46.3%	43	44	56	--
	CHICAGO METRO	+28.5%	- 0.7%	+27.5%	44	42	61	--
	LA METRO	+28.1%	- 1.3%	+27.4%	38	43	73	84
	US	+33.2%	+ 2.8%	+30.2%	43	43	69	79

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1	CT, ME, MA, NH, RI & VT
Region 2	DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3	AL, FL, GA, NC, SC, TN & VA
Region 4	IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5	CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6	AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7	AR, LA, MS, OK & TX

NY Metro:	NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro:	IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro:	Cities: Los Angeles, and San Diego Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

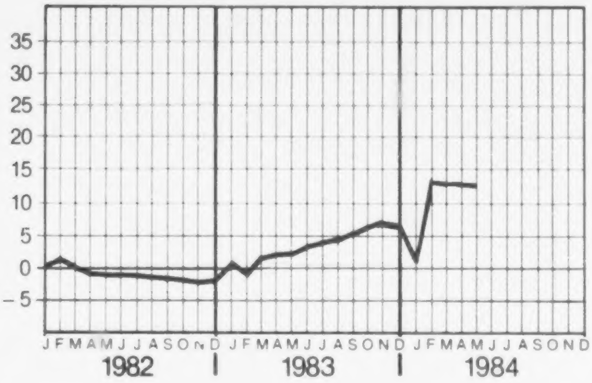
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

PAPER MERCHANT SALES REPORT

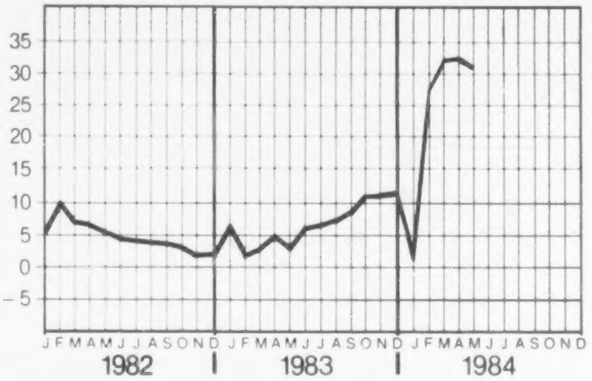
SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY



PRINTING PAPER SALES NATIONALLY



RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

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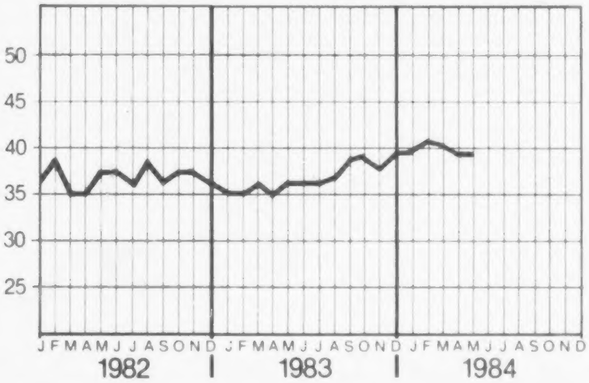

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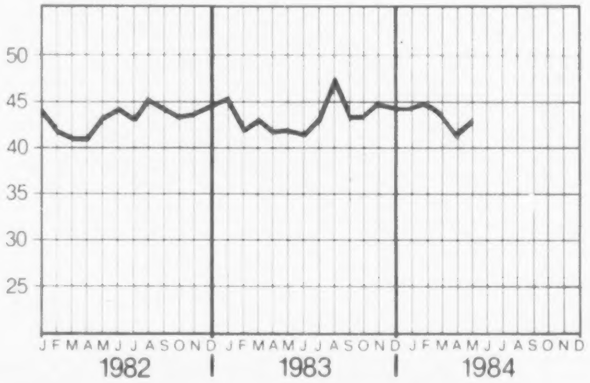

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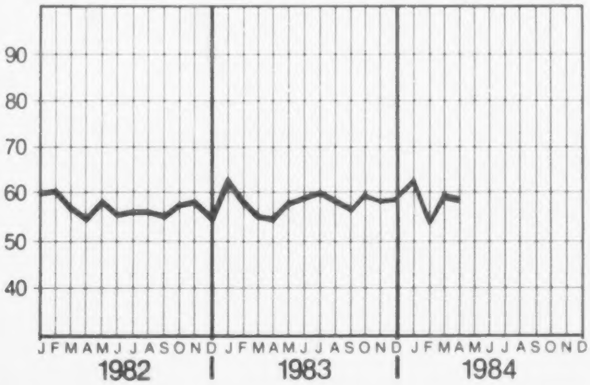
INDUSTRIAL PAPER INVENTORY NATIONALLY



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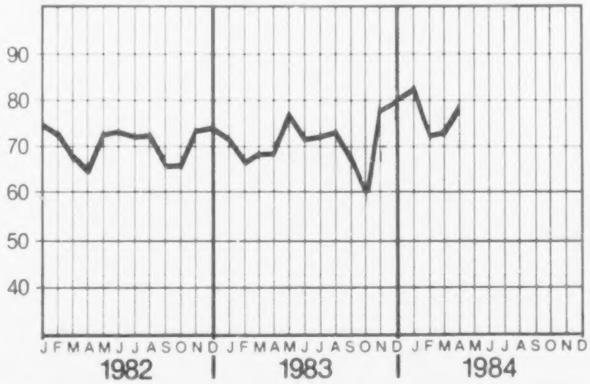

WASHINGTON WATCH

500-employee threshold maintained

Wholesalers score a major victory on small business administration size standards

In a victory for wholesalers, the Small Business Administration (SBA) has maintained the 500 employee size standard threshold for **all** wholesale trade, reports the National Association of Wholesalers (NAW). The size standard determines eligibility for SBA financial and federal procurement programs. Previously, SBA wholesale distribution size standards included the 500 employee threshold for procurement programs but had a separate dollar volume limitation for financial programs.

Background

In March 1980, SBA published for the first time significant revisions to the small business size standards in an attempt to define the amorphous term "small business." SBA's objective was, and still is, to bring uniformity, certainty and equity to their direct loan and loan guarantee programs. Moreover, SBA believed it was their responsibility to define small business for legislative, regulatory and procurement purposes as well.

Employee Standards

At the time of the first proposal, wholesaler-distributors had a size standard of 500 or fewer employees. To be eligible for SBA loans or loan guarantees, the size standard varied by commodity line from $9.5 million to $22 million in gross receipts.

The proposal would have reduced that 500 employee threshold for printing paper merchants to 100 and industrial paper merchants to 60 employees. Thus, a significant number of paper distributors would have become ineligible for certain government procurement activities.

Of even greater concern to wholesaler-distributors was the fact that these proposed standards could be used by the executive departments and regulatory agencies of government as cut-off points for determining eligibility of small business to take advantage of simplified regulatory and reporting requirements.

Procurement Policy

On the question of government procurement contracts, the proposed stringent standards would have caused government to procure massive amounts of goods directly from manufacturers, a policy discouraged by the government's own Office of Federal Procurement Policy (OFPP). The size standards are supposed to provide small enterprises with increased opportunities to sell products to the government. If wholesaler-distributors in a wide range of commodity lines were to become unable to qualify as "small business participants" in government procurement programs, the government contracts instead would go to manufacturers selling directly to GSA, thus actually *damaging* small businesses in the process.

Subcontracts

Another detrimental situation which the proposed standards would have precipitated involved subcontracts. The government encourages large government contractors to sublet contracts to small firms to the greatest possible extent. The contractors report to the purchasing agency the amount of procurement which has been subcontracted to small business. If a wholesaler-distributor under the new size standards would not have carried the range of inventory required for the government contract, then the prime contractor would have had no incentive to give the procurement to that wholesaler-distributor. The primary contractor might not have subcontracted at all, or might have awarded the subcontract directly to the manufacturer. Thus, smaller distribution channels would not have been utilized as currently encouraged by the federal government.

A Withering Attack

SBA's initial proposal was the subject of a withering attack by virtually all members of the small business community, including NAW. As a result, the proposal was withdrawn "for revision."

The second round of proposals, while an improvement over the first were also flawed. They still failed to address the key concerns raised by NAW regarding the legislative, regulatory and procurement impact they would have.

The public comment period for the second set of proposals closed August, 1982, and the revised size standards were issued for comment in May of last year. There were significant changes made in this third version of the rules as they related to wholesale distribution, but they were still not completely acceptable to NAW and NPTA.

SBA proposed to change the gross receipts standard to a maximum of $35 million which, in effect, would have meant a lower size standard for procurement purposes. SBA also indicated that the gross receipts standard would continue to be adjusted by the GNP Deflator to account for inflation, and that non-manufacturing bidders for small business procurement set-asides would have to meet the wholesale trade size standard.

NAW and its member associations issued final comments on this third set of proposed size standards last year, which led to the SBA decision to maintain the original 500 employee size standard for the entire wholesale distribution industry.

ASSOCIATION File

PAPER Foundation launches endowed research chair program

A true partnership between a major industry and a public university

The Paper And Plastics Education Research (PAPER) Foundation has launched a most ambitious program at the University of North Florida: The Endowed Trust Fund for Eminent Scholars program to study paper, plastics and allied products wholesale distribution. The Foundation, created by the National Paper Trade Association to study trends in wholesale paper distribution, has the participation of both merchants and suppliers.

John J. Buckley, Jr., President of NPTA, said that "the establishment of the PAPER Chair at North Florida will give the paper distribution industry a focal point for its research activities. I fully expect that the results of the projects accomplished through this endowment will have a major and lasting impact on the paper distribution community."

What is an endowed chair?

The endowment is a trust fund set up at the University of North Florida with proceeds used each year to pay for the costs of maintaining the research position. It is a one time investment which will pay for itself forever.

The endowed chair requires a $1 million investment. The state of Florida has committed $400,000 toward the Foundation's goal. The remaining $600,000 is now being raised in pledges from the paper and allied products industry.

What projects will be done?

The two most important criteria for project selection are relevance to industry needs and long term industry impact. Research in management, marketing, finance, and physical distribution will occupy the majority of the endowed chair activities.

A partial list of potential topics include:

- To study the affects of demographic changes on products sold by distributors.
- To study market potential and life cycle of products sold by distributors.
- To develop economic models to predict the sale of paper, plastics and allied products under varying business conditions.
- To develop effective marketing and management strategies in the highly fragmented, industrially competitive industry of paper, plastics and allied products distribution.
- To design procedures to maximize sales force motivation and productivity.

Also, the Chair will work to develop industry-wide voluntary standards, plus provide executive development programs for managers with other universities and consultants.

The Trustees of the PAPER Foundation, a group of industry leaders, will supervise project selection and execution to guarantee the relevance and importance of these projects to the industry.

Participation at many levels

The endowment program requires industry participation on all levels. Money is now being pledged, projects are being formulated, and eminent scholars in wholesale distribution are now being sought. Any help members can provide is much appreciated by the Foundation. All contributions are tax deductible. For more information, contact John J. Buckley, Jr., president, NPTA.

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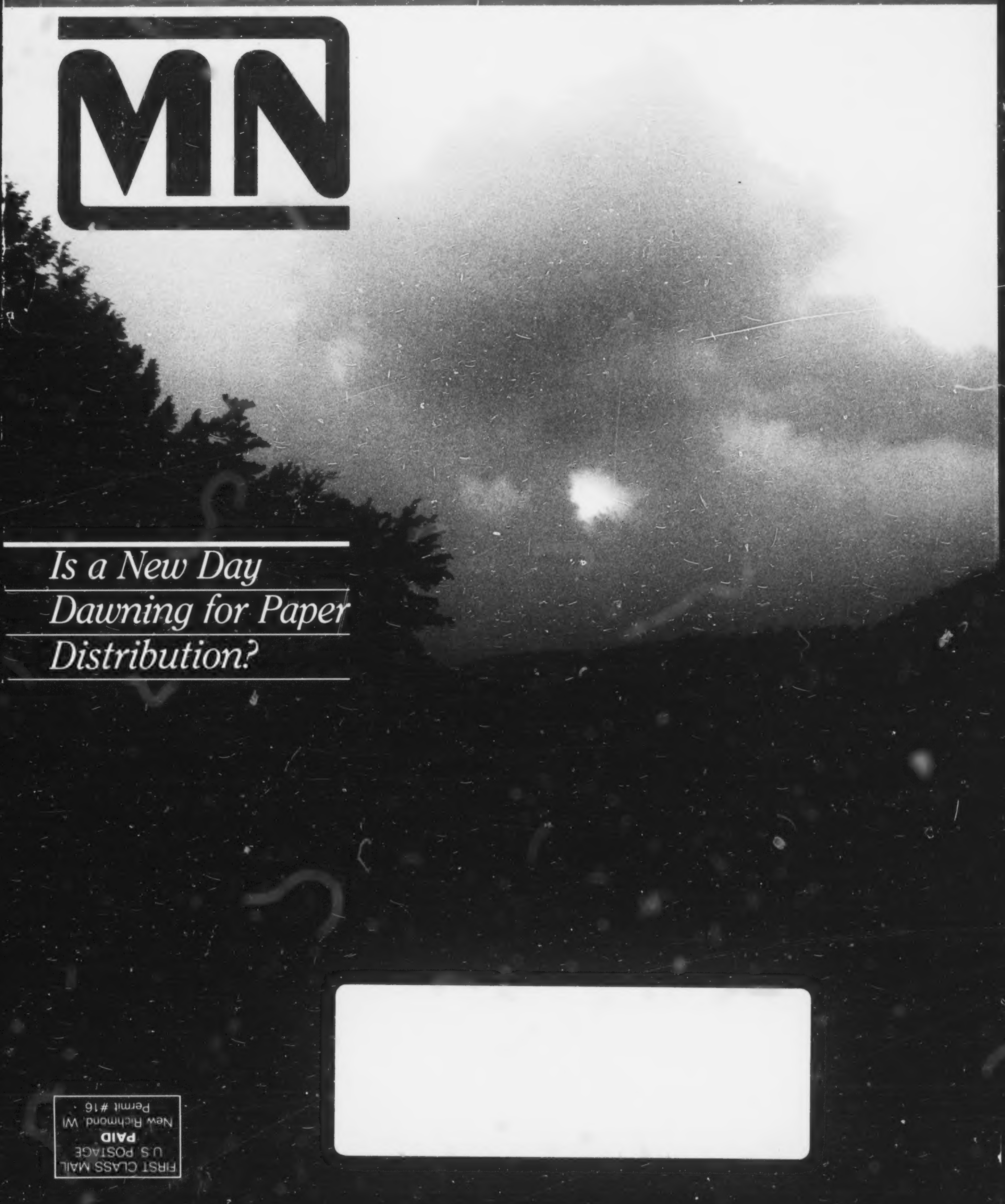

Is a New Day Dawning for Paper Distribution?

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Is there a brighter tomorrow for paper and allied products distributors? The road ahead may be smooth for those firms ready for change.

Cover Photo:
Roger Tully

FEATURE

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by Denis F. Healy

Well constructed strategies to enhance market position and improve productivity are helping some paper distributors create a new day. As the industry changes due to challenges from other commodity distributors, new technology, and altered methods of doing business, paper merchant executives must plan for the future as carefully as they plan their week ahead.

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BUTLER RESTRUCTURES IOWA OPERATION

The Cedar Rapids, IA branch of the Butler Paper Company has been restructured to division status. Previously, it had been a branch of the company's Des Moines operation. The change is designed to support Butler's growth in the Cedar Rapids market.

John D. Ewalt, who was formerly branch manager, has been promoted to vice president and general manager of the new division.

MEMORABLE COLORS CAMPAIGN BEGUN BY NATIONWIDE

"Memorable Colors" is the theme of an imaginative campaign designed by Nationwide Papers to acquaint paper specifiers, graphic designers and printers with a vast array of colors in their text papers line.

A series of six 18"x24" posters, each printed on a different color text paper, uses whimsical cartoons and copy to illustrate the many popular blues, reds, yellows, greens, grays, and neutrals. The same copy line on every poster points up Nationwide's selection of text papers. A postcard teaser for each color is presently being mailed to paper specifiers and customers to herald distribution of the posters by the company's sales representatives.

Behind the promotion is The Paper Picker® — a color-classified sampler of more than 250 colored text, offset and cover papers inventoried by Nationwide.

Inlander-Steindler Paper Company broke ground for its new facility in Menomonee Falls. The new building will be ready by the end of this year. At the ground-breaking from ISP (L. to R) are: Thomas I. Altholz, president and COO; Herbert C. Altholz, chairman and CEO; Don Charlier, VP Jansen (contractor); and Warner Hillner, ISP Milwaukee branch manager.

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ST. REGIS TO ACQUIRE COLONIAL PENN

St. Regis Corporation and Colonial Penn, Inc. announced the signing of two definitive agreements for St. Regis Corporation to purchase all the outstanding common stock of Colonial Penn Group, Inc. Assuming the exercise of stock options, there are approximately 16,360,000 shares of Colonial Penn outstanding.

William R. Haselton, Chairman and Chief Executive Officer of St. Regis Corporation, stated, "The potential acquisition of Colonial Penn is an important step in our strategy of building St. Regis' insurance operations while we continue to expand in specific paper and packaging lines. Colonial Penn is an excellent company. Its specialty life and consumer insurance products and its premier distribution system complement our existing insurance operations. In addition, this acquisition will increase the stability of our earnings and our cash flow. The immediate impact on earnings per share is non-dilutive and, more importantly, we expect significant profit growth in the future."

'PAPER MILL OF THE YEAR' AWARD TO CONSOLIDATED

Newsweek magazine gave its first "Paper Mill of the Year" award to Consolidated Paper's Biron Division. The competition pitted the eight mills that supply paper to print the weekly magazine. Samples were tested for conformance to specifications in the areas of brightness, gloss, opacity, porosity, smoothness, and pick resistance.

Allan McLeod, director of strategic services at *Newsweek*, said "This award is a credit to the employees of the Biron Division whose devotion to superior craftsmanship has earned them a reputation for excellence."

The award is a cast paper sculpture by Frank Gallo and was presented to Lawrence Boling, president of Consolidated.

JAMES RIVER BUYS SCOTTISH MILL

GB Papers is a small, independent producer of specialty papers in Scotland which has just been purchased by James River. It is the company's first overseas venture.

The Scottish company produces printing and writing papers, computer paper and label stock and has little overlap with James River's existing product lines. The mill in Scotland will be expanded to produce some of James River's products.

CONSOLIDATED PACKAGING FILES CHAPTER 11

Consolidated Packaging Corporation, a manufacturer of corrugated boxes and folding cartons has filed for protection under Chapter 11 of the Federal

(Continued on page 6)

1984
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The Annual

CONVENTION

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EXPOSITION

September 22–25, Saturday–Tuesday, 1984
Hyatt Regency Chicago Hotel, Chicago

Paper Distributors from every state in the Union and 16 foreign countries will meet in Chicago for the major event of the year: NPTA's Annual Convention and Paper/Plastics and Allied Products Exposition.

Plan on being there for important workshops and seminars, a chance to meet the leaders of the industry, share ideas, and learn what's new on the market for paper distributors.

Expo '84 will feature paper, plastic and related products including health care disposables, retail and industrial packaging, food service items, sanitary supplies and equipment, non-wovens, foils, tapes, wraps and other specialties. Computer hardware and software designed specifically for paper distributors will also be displayed.

Don't miss NPTA's Convention and Expo '84—The Show, the meetings, the Special Events…all waiting for you in Chicago!

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(Continued from page 4)

Bankruptcy Code. The company said it would seek to satisfy all obligations.

"We are a casualty of the severe depression in certain industries and a victim of high interest rates and costs," a company spokesman said. Consolidated, headquartered in Chicago, IL, reported a 1983 loss of $3.6 million on sales of $73.9 million.

SCOTT PAPER TO BUY SANI-FRESH

Scott Paper Company announced that it has reached an agreement in principle for the purchase of Sani-Fresh International, Inc., a San Antonio, Texas based manufacturer of personal cleansing products and systems for commercial and industrial markets. Terms of the agreement were not disclosed.

Sani-Fresh is a leading supplier of liquid washroom soaps and dispenser systems for manufacturing facilities, office buildings, restaurants, and other commercial or away-from-home markets. The firm also supplies this market with a range of specialty cleaning systems and products. Sani-Fresh will operate as a wholly-owned subsidiary of Scott.

Scott indicated that Sani-Fresh is a growing, highly innovative company that fits well with Scott's objective of seeking growth opportunities in areas that build on its existing strengths and unique capabilities. The Company further noted that Sani-Fresh is a natural extension of the towels, tissues, napkins and wipers Scott currently sells to the away-from-home market.

Sani-Fresh president Jack Hunter, who will continue to direct the company's operations after the acquisition, said, "The technological advantages of Sani-Fresh's products and dispensing systems complement Scott's recognized expertise and experience in distribution and marketing. Looking to the future, the acquisition should greatly expand Sani-Fresh's potential markets."

POTSDAM PAPER TERMINATES NEGOTIATIONS

Potsdam Paper Corporation announced that it has terminated negotiations for the sale of its mill at Potsdam, New York to Little Rapids Corporation of Green Bay, Wisconsin. According to Wilbur W. Krueger, President and Chief Executive Office, the primary reason for the failure to complete the transaction was the unwillingness of Little Rapids to assume responsibility for an existing pension plan that covered hourly employees.

APPLETON PAPER TO BUY GLATFELTER MILL

Thomas C. Norris, President of P.H. Glatfelter Company, Spring Grove, PA and Thomas W. Busch, Chairman and Chief Executive Officer of Appleton Papers Inc., Appleton, WI, a wholly-owned subsidiary of BATUS Inc., announced today that Glatfelter and Appleton had reached an agreement in principle for the sale of Glatfelter's West Carrollton, OH, paper mill to Appleton Papers Inc.

Mr. Norris stated that the purchase price, to be represented by a promissory note due in 5 years, is estimated by Glatfelter to have a present value of approximately $83 million and should result in an after-tax gain to Glatfelter estimated to be $24 million or $1.85 per share in the third quarter of 1984.

Glatfelter acquired its West Carrollton Mill in 1979 in connection with the merger of Bergstrom Paper Company into Glatfelter. Bergstrom had previously acquired the mill from Kimberly-Clark Corporation.

PEOPLE IN THE NEWS

Craig E. Anderson was promoted to vice president and general manager of Consolidated Marketing, Little Rock, AR, a division of the Butler Paper Company. He moves there from Sioux Falls, SD where his position as branch manager has been taken by **Michael E. Mycka.**

Gerald F. McPherson has been appointed manager, Nationwide Papers, Albuquerque, NM.

In other changes at Butler, **John H. Schulz** was named vice president and general manager of the Tyler, TX Consolidated Marketing operation. Also in Tyler, **Cecil Scruggs** was named vice president and assistant general manager. **Dean G. Veneman** was promoted to branch manager of Butler's Santa Rosa, CA outlet. **C. Dennis Olt** was named general sales manager of the company's Kansas City division. And, **David L. Pettis** was named vice president and general manager of the Fort Wayne, IN operation.

Eric Hoag has been appointed warehouse manager of Mead Merchants in Flint, MI.

Harald Tybring-Gjedde has been elected president of the Norwegian Wholesale Paper Merchants Association.

Jerry Garner was elected vice president of the Bag & Kraft Paper Marketing Division and general manager, bag operations for Stone Container. Also appointed at that division were: **Mat Diederichsen**, vice president, multiwall bag sales and **Joel Busel** and **Sam Posner**, vice presidents, retail bag sales.

Ronald M. Gross has been elected chairman of ITT Rayonier and will continue as president and CEO.

Robert A. Starling was appointed vice president, distribution division for the southeast region of Georgia-Pacific.

Remi P. Cloutier has been elected president and director of International Paper Canada, Inc.

MANAGEMENT INFORMATION

MEASURE YOUR ROTA!

The annual Performance Analysis Report (PAR) of financial performance by paper merchants generates over 300 different ratios. These measures, calculated by Management Foresight, Inc. (MFI) of Columbus, Ohio are grouped into several categories that analyze: Sales, Profitability, Profit Margin Management, and Financial Leverage.

These 300+ ratios should be viewed as an inter-related set of performance measures that tell a story about how well a paper merchant is doing compared to his peers in similar regions, sales volume classes, or product classifications. Problem areas will be revealed when a merchant's results differ *significantly* from these industry averages. However, each company has its own goals and style of operation, and may be willing to accept lower than average results in one area if it is balanced by above-average results in another area.

Probably the most valuable ratio in the PAR is RETURN ON TOTAL ASSETS (ROTA). ROTA is a profitability measure which relates profit earned on sales to a firm's asset investment. Following is the ROTA formula:

$$\text{ROTA} = \frac{\text{Net Profit On Sales}}{\text{Total Assets}}$$

This measure, which evaluates a paper merchant's combined performance in two key areas, namely: **profit margin performance** and **asset management**, is so vital that all companies participating in PAR are ranked as a high, median or low ROTA firm. A "high" ROTA firm is one that has results mid-way between the very *strongest* and the median value. A "low" ROTA firm's results are at the mid-point between the weakest and the median value.

The table on this page provides a 1983 profile of high and low ROTA firms in key functional area expenses associated with the warehouse, front office, and sales department. In relation to last year . . .

- Storage expenses are taking a bigger bite of gross profits across-the-board, for high ROTA firms.
- Handling and delivery expenses relative to gross profit are down for printing and industrial paper merchants, but are up for dual firms.
- Administrative and sales service expenses as a percent of gross profit fell for all three high ROTA groups.

Notice that there are large differences between the performance results of low and high ROTA groups. How does your firm stack up?

For a more detailed discussion of the ROTA concept, refer to "Effective Financial Management for Wholesale Distribution," written by Dr. Peter Mullins of MFI and the 1984 edition of *Paper Merchant Performance*. Both are available from NPTA.

FUNCTIONAL AREA EXPENSE MEASURES FOR HIGH & LOW PROFIT FIRMS

(Based On 1983 PAR Survey)

	Low ROTA Firms	High ROTA Firms	Your Firm	Difference From High Low ROTA Groups (%)
Storage Expenses As % *W.&I. Gross Profit				
Printing	10.23	6.53		57
Industrial	7.52	6.56		15
Dual	8.21	8.18		under 1
Handling Expense As % *W.&I. Gross Profit				
Printing	11.60	11.12		31
Industrial	7.67	7.21		6
Dual	11.81	10.11		13
Delivery Expense As % *W.&I. Gross Profit				
Printing	14.29	10.17		40
Industrial	16.33	12.21		34
Dual	14.88	11.19		33
Office Expense As % Gross Profit				
Printing	11.08	8.74		27
Industrial	11.86	8.90		33
Dual	15.28	11.06		38
Administrative Expense As % Gross Profit				
Printing	17.09	11.94		43
Industrial	15.87	12.72		25
Dual	18.20	10.14		79
Sales Service Expense As % Gross Profit				
Printing	10.80	7.20		50
Industrial	8.70	4.66		87
Dual	10.70	7.85		36
Selling Expense As % Gross Profit				
Printing	29.04	23.67		23
Industrial	34.37	32.27		7
Dual	29.38	26.11		13
Sales Serv. & Selling Exp. As % Gross Profit				
Printing	39.32	31.62		24
Industrial	40.52	36.56		11
Dual	38.06	33.72		13

*Warehouse & Indirect

TRENDS

IS A NEW DAY DAWNING FOR

The demands on paper distributors are changing the character of the industry.

The role of the paper merchant has never been easy to fill. In today's dynamic business climate, the changing expectations of end users and suppliers are having a dramatic impact on merchants. Distribution is being challenged to respond quickly and effectively by absorbing or relinquishing marketing functions.

In the past, the success of many paper merchants was achieved through the entrepreneurial spirit, charisma and energy of the owners. More recently, these important qualities have been coupled with a variety of innovative techniques and approaches, such as strategic planning, management training, and professional marketing expertise. The end result is a radically different and strong distribution system for paper and related disposable products. Today's rapid advances in information management and materials handling along with the growing acceptance of strategic marketing approaches to growth are revolutionizing the industry.

Until recently, paper distribution has been viewed by many as an unexciting and not very profitable business. Yet merchants have always made significant contributions to the efficient functioning of many channels of distribution. Unfortunately their marketing role and the contributions they can make to the value of products has been widely underestimated and misunderstood.

The once narrow definition of a merchant as one who stores and moves products to customers is being recast. The progressive paper distributors of the 1980's look and act in a manner radically different from their predecessors.

The paper merchant of today is moving out of the shadows and into a position of high visibility and recognition as a vital contributor to the functioning of the economy. As a result, the traditional stereotype of the merchant business as "unsophisticated" and labor-intensive is giving way to a more enlightened view.

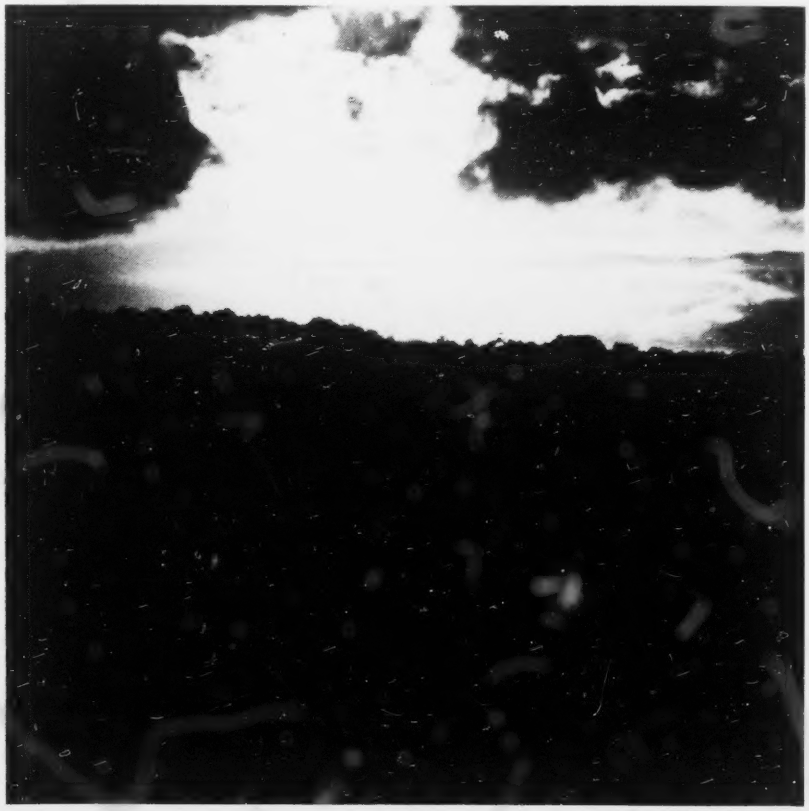
Paper distribution is evolving from a fragmented collection of business establishments to a highly sophisticated, programmed distribution system. The metamorphosis is still under way, but the pace of change is accelerating rapidly. The industry is on the brink of a distribution revolution.

At one end of the distribution system, customers and end users are demanding more and better products and services, while seeking lower costs and more efficient acquisition methods. In response to these demands, mills and converters at the other end of the system are offering an ever-expanding array of goods and services while striving to improve their market coverage. As a result of these forces, great demands are being placed on the technical, managerial and marketing skills of merchants. Responding effectively to these demands is the major challenge to the paper distribution industry for the 1980's and 1990's.

Shifting market conditions and advancing technologies are the driving forces of change throughout the distribution system. Those who can sense these trends and adjust to the changes will sustain profitable growth. Those who wait for the changes to happen will barely survive or will risk being driven out of business.

Is a new day dawning for paper distribution?...or is the sun setting? The answer to both questions is yes. Merchants who grasp the implications of change and capitalize on the opportunities facing them are able to influence—if not create—their

Is the sun rising or setting for paper merchants?



Denis F. Healy

PAPER DISTRIBUTION?

own futures by implementing effective growth and market coverage strategies. Clearly, a new and bright day is dawning for them.

Those who fail to examine their position or resist taking bold actions to redefine their businesses will have their futures created for them. This article traces the route the industry has taken and offers a set of strategic guidelines to merchants who seek to gain control of their own destinies and participate actively and profitably in this new era of paper distribution.

The Growth Imperative

The most effective way to cope with change is to help create it. And to do this requires a commitment to growth. There is no question that growth is a prerequisite to survival. A commitment to growth is essential if a company expects to retain key personnel and sustain its relationships with vendors and other organizations.

The only known way to achieve growth is through carefully constructed strategies which enhance market position and improve productivity levels. Growth is achieved by moving the organization into stronger, more profitable positions in served markets and through various market coverage strategies that position the company in attractive new market segments and geographic areas.

In this dynamic era of paper distribution, the challenges and opportunities confronting the merchant are truly spectacular. Those who expect to sustain profitable growth in such an exciting environment must evaluate their markets and competitive situations regularly and with great skill. They must be experts in translating opportunities into high-impact business strategies and marketing programs capable of strengthening and solidifying the company's market coverage and competitive position.

In spite of the premise that growth is essential for organizational survival, the fact remains that the economic and demographic profile of North America is nearing maturity in many of its parts. As markets mature it becomes increasingly difficult for most businesses to grow.

In mature markets, real growth can only be achieved at the expense of competitors, by finding ways to expand the level of demand for the products and services offered, or by entering new geographic areas or market segments.

In the years to come, executives directing businesses operating in mature market areas must become far more creative in deciding how and where they are going to achieve growth. And at the same time, they must increase their productivity in serving present markets.

The fact that a market is mature should not automatically lead one to the conclusion that it should be abandoned for greener pastures. Rather, a careful analysis should be made of the needs of the total account base in the area, with particular attention being given to the importance of costs, credit and service levels.

Although it is not possible for a paper merchant operation or any other business to provide services without adequate compensation, there are usually opportunities even in mature marketing areas to adjust the business approach to respond profitably to the specific needs of such markets. Focusing on productivity, cost-effective service offerings, rationalized pruned product line offerings and joint ventures with suppliers and customers is crucial in such situations.

In new and emerging markets, growth is driven by expanding demand, and there is usually "room" or market space available for new competitors. Distributors in "growth" markets, however, find that there is another set of pressures to be dealt with if profitable growth is to be achieved. Executives in these companies are faced with the tasks of locating affordable funds and capable personnel in order to fuel the growth of the business. These key resources are neither inexpensive nor easily obtained—a fact evident to anyone who has tried to acquire them.

> *The only known way to achieve growth is through carefully constructed strategies.*

Furthermore, in rapidly-growing markets, competitive intensity grows at least as fast as does the rate of demand. Growing markets attract the more efficient and innovative distributors. The new entrants may have established positions in other, more mature markets. Or they may have roots in other industries—or even other countries—where methods and operating economies may be quite different from accepted norms. In these situations, it is imperative that market entry be decisive and that great attention be paid to marketing and customer service activities.

Thus, the apparent profitability and ease of operation attributed to a growing market, as compared to a more mature setting, may be misleading. All that can be said about either market scenario is that those who survive and achieve acceptable rates of return have learned how to think strategically and translate plans into profitable performance.

A Look to the Past

The events that precipitated the distribution revolution are as worthy of mention as are the conditions that presently sustain it. The following sections outline the main stages of development in paper distribution over the past few decades.

> *Today, customers, mills and converters are demanding that the distributor offer services in a great variety of areas.*

The 1960's and Consumerism: The Decade of the 1960's—The Era of Consumerism—is noted for technological breakthroughs of all kinds, and a redefinition and clarification of the rights and lifestyles of consumers. These changes brought about new demands for products and services. Adding to the shifts in demand patterns was the massive population migration to the suburbs, and then to the Sunbelt. This brought forth new demands on the distribution system. Distribution channels in many product categories underwent significant changes as firms attempted to respond to the shifting centers of population and the proliferation of products and services that emerged during this period.

The 1960's have been characterized as a shake-out period for distribution-related businesses. Paper merchants and other members of the distribution system adopted new methods and functions not only in physical distribution but also in marketing. As end users continued to demand a wider array of goods and services, distributors formed chains and buying marketing groups, expanded their merchandise offerings and became formidable figures in the channel of distribution.

During the 1960's, merchants experienced an explosion of the fast food market, the growth of the health care system, advances in plastics and paper technology, innovations in publishing, offset printing, electrostatic copying. The 1960's was an era when expressions such as "multiple copies," "fast foods," "disposability," and "labor-saving" became part of the consumers' vocabulary and provided the basis for the formation of new industries with heavy demand for paper and related products.

For resourceful merchants the forces of consumerism provided opportunities to offer an expanded range of products to a wider array of market segments. Those unable or unwilling to respond, however, were quickly pushed to the sidelines. In effect, the seeds of change for the Distribution System Era of the 1980's had been planted.

The 1970's—The Productivity Era: The 1970's followed with a roar rather than a whisper. Problems in obtaining low-cost energy made it apparent that many had sacrificed productivity improvement—a long-run proposition—for short-term profits. With inexpensive energy, it had been possible to overlook or defer productivity improvement efforts. The advent of soaring energy costs, however, brought the productivity issue into focus and a massive effort was made to improve productivity not only in the mills and factories but throughout the distribution system. The Productivity Era was launched as a result of these pressures.

During the 1970's, mills and converters, out of necessity, began an all out effort to increase productivity both within their organizations and in their business relationships. End users and customers also mounted vigorous searches for productivity improvements. The major areas for them were in purchasing and inventorying practices. In fact, the search for productivity improvement for all trading partners extended far beyond production and operations into offices, branches, the sales organization and finally into the channel of distribution. The result was a heightened awareness of the pivotal position of the paper merchant as an important vehicle in improving productivity for mills and end users alike.

The stressful times of the 1970's heightened the realization of astute merchants that profitable operation is based on the ability to move products and information accurately, quickly and inexpensively among the trading partners. Leading merchants recognized that productivity improvements and high growth rates are achieved both within the organization and in the marketplace. They experienced productivity gains through cost containment and cost reduction programs in all parts of the organization. And through innovative business strategies and marketing approaches they increased their overall marketing effectiveness and the growth potential of their companies.

The 1980's—The Distribution Systems Era: The 1980's mark the beginning of a new age. The dramatic changes of the 1960's and 1970's came together and forced a major realignment of the strategies, structures and systems used by paper merchants, the Distribution Systems Era was launched. For example, the advances in electronic technology during the 1960's and 1970's are being translated into cost-effective computing and communications systems during the 1980's. These advances promise to revolutionize industry and individual lifestyles.

The response of merchants to these forces of change has many dimensions; among the more important are the following: a) concentration on target marketing and strategic planning; b) rationalization of the breadth and depth of product and service offerings; c) increased merger and acquisition activity; d) widespread use of the computer as a management tool; e) growth of regional and national distribution networks; f) opening of large scale distribution centers; g) consolidation of purchases through buying groups; and h) experimentation with various "retail-like" sales outlets and consumer market techniques.

The paper distributor of the 1980's must be an effective provider of marketing and technical services, committed to adding value to the products being distributed. Today, customers, mills and converters are demanding that the distributor offer services in a great variety of areas from technical applications assistance and advice on inventory management techniques, to marketing programs and merchandising tools. Improving productivity and customer service levels are the major challenges facing the paper merchant.

Although the demand for such services presents many opportunities to the distributor, there is also an abundance of new challenges to be met. These involve devising ways to render the services in a cost-effective manner, identifying market segments and responding to their unique requirements, and recruiting and retaining motivated, skilled personnel, to name a few.

Meeting the Challenges Ahead

The revolutionary changes occuring at all levels of the distribution system present distinctive opportunities and threats to printing, industrial and dual merchants. Responding effectively to such conditions is the most important obligation of management. A conscious effort must be made to understand, develop and implement highly effective market coverage strategies. This is the key to sustained growth and profitability during the balance of the 1980's. In this section, an examination is made of several of the most important challenges that must be

In today's electronic age, physical proximity is giving way to computer compatibility and the "illusion" of proximity.

met by merchants in this new era of distribution.

Commitment to Planning and Marketing: In an age of dynamic change, paper merchants must look carefully at their commitment and approach to planning and marketing. Planning is an essential management process dedicated to making decisions today about the future of the business. The planning process involves far more than extending history or budgeting. Rather, it provides a vehicle for managers to prepare their departments, branches and entire businesses for the emerging markets and competitive environments.

In effect the business plan is a working document which addresses how and when the company intends to respond to each target market as well as specifying the resources and personal involvements that will be needed to carry out the plan.

Central to sound planning is a clear definition of the market areas and segments to be served. No longer is it possible for a paper merchant to be all things to all customers or vendors. The marketplace has become too complex and demanding to accept those with a "buckshot" approach. The keys today are market segmentation—making choices of markets to serve—and specialization of sales, products and service offerings. More specifically, merchants must a) analyze the markets available, from hospitals and health care to the "cut size" user segment, b) select those segments that are most attractive, c) develop specialized marketing programs to reach them, and d) monitor the profitability of each market segment in the business portfolio.

Information Management—The Key: Information is one of the most vital and valued assets a business can have, and knowing how to acquire and use information effectively is what differentiates market leaders from followers. Dramatic decreases in information processing costs coupled with equally dramatic increases in physical distribution and asset retention costs have stimulated a redefinition of the distributor merchant role.

At the leading edge of the information revolution are some organizations which are becoming electronic sales service centers containing relatively limited inventories of high volume items. These field locations are being integrated into centralized information management and purchasing systems allowing orders to be shipped directly to customers or to branches on an as-ordered basis.

These "branches" (or service centers) are staffed by specialized sales and customer service personnel who have knowledge of the products they sell and are skilled in the use of information systems. They are responsible for developing and maintaining contact with local markets and for providing market information to the distribution center. Where this approach has been refined, the distributor becomes an essential marketing services hub, electronically bridging geographic and information gaps between vendors and end users.

As the paper merchant of the 1980's becomes an electronic clearinghouse for market information as well as a place to physically sort and store products, the potential benefits to mills and converters as well as customers are numerous. Mills may be offered marketing support and research services to help them make decisions about their overall marketing and product development programs. Similarly, customers and end users may be offered sophisticated and tailored applications assistance on everything from product characteristics to employee training. Customers may also use various programs to facilitate purchasing, inventorying, and, where appropriate, marketing of products.

Branching and Network Development: In the past, distributors were useful to mills and end users because they had physical proximity to the marketplace and had close personal involvement with customers. In today's electronic age, however, physical proximity is giving way to computer compatibility and the "illusion" of proximity. As a result, distributors with centralized data processing and decentralized inventories may realize substantial inventory investment savings by centralizing their inventories. And, they can experience commensurate gains in service levels by providing on-line access to inventory information and ordering routines from all locations in the network.

With advances in telecommunications and computing have come opportunities for extending the effective geographic operating radius of merchants without increasing the need for new facilities. Paper distributors who market over wide geographic areas or through a network of semi-autonomous branches, each stocking merchandise to accommodate local markets, are realizing that they must reconsider their marketing and physical distribution strategies.

For some, it may be possible to reduce the investment in field inventories or even the number of facilities at the same time as service levels are increased. The technology to do this is already in place. But the main impediment to this happening may be the reluctance of customers to accept such innovative approaches. Overcoming this will require considerable educational efforts of customers and company personnel.

The hub and spoke design is being adopted by leading merchants in an attempt to rationalize the complexities associated with managing multi-location operations. Much like the designs used by major airlines, the hub is the center of financial management, asset control and strategy development. The spokes can be thought of as information channels and finely tuned physical distribution routes to field locations. At the end of the spokes are the field locations which have local marketing autonomy but whose financial performance is measured carefully and frequently from the hub.

Using the wheel analogy, the rim of the wheel consists of the information links and interbranch distribution paths for movement of product from field locations holding stocks or particular items to those locations with limited needs. In large merchant organizations, several hub and spoke designs may evolve to provide effective spans of control and in recognition of regional market differences.

Productivity Improvement—A Continuing Challenge: The experiences of the 1970's awakened merchants and mills to the importance of productivity and several important lessons were learned. These lessons should be remembered in the quest for further improvement.

First, productivity improvement is not merely a campaign theme or short-lived slogan. Rather, it is a process that requires constant attention and management support. Second, productivity improvement opportunities exist in every area of a paper merchant's operation as well as in its working relationships with mills, converters and customers. Often the least visible or most difficult to control areas, such as field sales, warehouse and delivery operations present the greatest opportunities.

Third, those who participate in identifying ways to increase productivity are likely to become productivity advocates, particularly if they are rewarded for their contributions. Fourth, the greatest improvements are made when motivated personnel are provided with adequate tools and a work environment that encourages them to do the job.

Productivity improvement is no longer an "optional extra" for the paper merchant. Productivity standards and practical methods for tracking and controlling productivity throughout a merchant's organization are needed. Some prime areas requiring management attention follow.

- **The Sales Force**

As mentioned below, there is a need to redefine the role and capabilities of its function. New selling approaches, personnel training, performance evaluation methods and compensation programs are required.

- **Physical Handling of Product**

The shipping, receiving and warehousing functions are labor intensive areas and therefore particularly prone to errors and uneven performance. Studies of personnel turnover, materials flow patterns and materials handling methods often result in substantial reductions in costs, error rates, personnel turnover and dramatic increases in delivery reliability and customer satisfaction levels.

A particularly difficult area requiring attention by both operations and marketing personnel concerns the treatment of broken carton quantities and small orders. Here the handling costs can frequently exceed the gross margin on such orders. Innovative methods must be found for dealing with these situations both in the warehouse, the delivery system and particularly in marketing policies and approaches.

- **Systems and Procedures:**

As merchants expand and mature, they often become more bureaucratic. Procedures and systems tend to sprout like weeds as managers in various departments strive to fine tune and strengthen their parts of the organization. At some point such structuring works to the detriment of the company. Flexibility is forfeited for formality and individual initiative is traded for control.

Although many benefits can accrue from systems and procedures, merchants must be wary of "overkill" in these areas. As a result, periodic reviews should be made of the systems and procedures with particular attention given to redundant and non-essential items and areas of conflict. The reduction of paper work (even in an industry dependent on paper use) and the elimination of excessive controls and constraints are essential steps in the right direction.

Redefinition of the Role of Sales Personnel: As telemarketing programs and computer-to-computer communications systems become accepted, many of the more routine functions performed by field sales personnel can be handled efficiently without direct personal contact. Clearly, the need remains for field sales coverage but responsibilities of these individuals must be redefined. Rather than spending a large portion of his her time on account maintenance and expediting tasks, the field sales person of the 1980s must assume a more proactive position in developing new business, educating customer personnel about new products and methods and in managing key accounts. This will require more than a mere restatement of what is expected.

A new type of sales specialist is called for. This will require training new personnel who have the willingness to adapt and in many cases a redesign of the entire sales function is necessary. Finally, compensation programs may have to be revised or developed that give the proper incentives for the account management and business development responsibilities yet provide management with greater control over the direction of the sales organization.

Qualified Personnel—More Important than Ever: The increasing use of technology to reduce eliminate routine manual tasks, however, cannot be viewed as an attempt to depersonalize business relationships. In spite of the trends wholesale distribution is likely to remain a labor intensive business for some time. As direct order entry, automation and telemarketing become more prevalent, the need for a new cadre of skilled technical sales, marketing, system, and management personnel becomes evident. Clearly, the development and supervision of people will be needed even more than today. The task, however, will be of a different nature than in the past.

Rationalization of Customer and Vendor Service Levels: The principal factors which differentiate one merchant from others in the marketplace are the type of quality of services offered and personnel employed. The expectations of customers and mills for merchant services continue to rise as do the costs of providing them. In addition, as merchants segment their markets and specialize their marketing approaches further, the need to tailor-make different service offerings to meet specific segment requirements is likely to increase. Merchants must address several important questions in rationalizing their approach to services, as follows:

- What should our service offering include?
- Do different segments expect different services and which service levels are expected?
- Is it possible to charge for services or to market the service offering more effectively?
- Are there services which can be eliminated or revised to be more cost effective?
- How are our current service capabilities rated in comparison to market requirements and competitive offerings?

Through the use of such tools as "The Marketing Productivity Audit" and "The Magnifying Glass Technique"* merchants can systematically evaluate their service levels and develop responses to these questions. As these analytical methods yield information about company operations and marketing effectiveness, distribution executives are bound to view their companies as marketing services providers rather than simply as sales and physical distribution organizations.

Moving into the Future

Sustaining profitable growth is a particularly vexing and elusive target. This is particularly true in an era of market turbulence and business revolution. There are so many forces coming from so many different directions that the selection of a sound business strategy and marketing approach is a real challenge. Those who are able to rally are those who have been able to distinguish between market mirages and real opportunities. They have examined their market positions and those of their competitors carefully. And they have taken some bold and innovative steps to position their companies as leaders in target market segments. In addition, they have uncovered ways to streamline their organizations and to motivate their personnel to strive for productivity in all areas of the organization.

The truly outstanding paper merchant executives have learned from the past while daring to break with tradition. They are willing to take calculated risks ~~and to~~ make the innovative and often costly changes in their organizations and practices that will allow them to capitalize on the future.

The strength of every paper distribution organization lies in the abilities and dedication of its people to strike a profitable balance between the market realities facing them and the resources, values and strengths they represent. Capitalizing on these strengths and taking full advantage of new technologies will catapult the paper distribution industry to a new day.

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*Denis F. Healy, *Increasing Profits Through Better Marketing*, 1982 L. Grottke & James W. Norris, *Improving Productivity and Profits in Wholesale Distribution*, 1981. Distribution Research and Education Foundation, 1725 K St. NW., Washington, DC 20006.

CHAIRMAN'S CORNER

STRIVING FOR EXCELLENCE

The 1981 NPTA Convention theme means more to me than just a catchy phrase or an ideal that is unreachable. It is something we can use on a day-to-day basis.

Here's an example from a company memo I sent out 25 years ago. Times really don't change. . .even needs don't change very much, but people *do* change. And in some cases they *have to* change:

An open letter to the sales staff

What's the "difference" between YOU and the most successful salesperson in your community? You both have eyes, ears, hands and feet, and the same number of hours in the day.

Why is it that one salesperson may steadily and persistently climb the ladder of selling to new heights, while others having similar characteristics, get bogged down and fail? Why does one go up and another fall?

There is a law of life that says that "no one can stand still." Either we go forward or we go backward.

The true story of the successful salesperson is that he or she has made full use of ordinary talents and abilities. This individual took small things in life and by constant work built himself into an "above average" salesperson.

One who stands around moaning about his present plight is one who has not used his ability and talents. He has been expecting someone else to endow him with all the attributes and characteristics of the successful salesperson. Unfortunately, he is one who is not willing to endure self-sacrifice, hard work, long hours of application and devotion to the ideal of "getting ahead."

Don't be like some who, by their very attitude, plans for failure as carefully as others plan for success. If you have failed, or are failing, it may be because you have neglected to do what successful people do: USE YOUR TALENTS!

Everyone writes his own ticket. Right now, today, you can select where you want to go and where you want to be. You can't stand still!

So, you can't wait to do something about your situation. Take command of your talents and be on your way. You can do it if you want to.

There is no power under God's sun that can stop you from doing anything you want to if you're downright earnest about doing it. Take charge and win!

Lionel W. Eltis

Lionel W. Eltis, NPTA Chairman

EVENTS

AUGUST

19-21. *Advances in Impactless Printing seminar by the Institute for Graphic Communications (617-267-9425) at the Holiday Inn, Monterey, CA.*

28. *Successful Inventory Management for the Wholesale Paper Distributor, Boston Marriott Hotel, Boston, MA. Contact NPTA.*

30. *Successful Inventory Management for the Wholesale Paper Distributor, Boston Marriott Hotel, Boston, MA. Contact NPTA.*

SEPTEMBER

6. *Profit Improvement Day, Columbus Marriott North Inn, Columbus, OH. Contact NPTA.*

22-25. *NPTA's Annual Convention and Paper Plastics & Allied Products Exposition, Hyatt Regency Chicago Hotel, Chicago, IL. Contact NPTA.*

PRINTING PAPER

OUTLOOK FOR PRINTING SALES GROWS STRONGER

Optimism in the printing industry has been the trend for the past 12 months, and now increased printing activity is fueling even greater expectations. Printing Industries of America (PIA) surveys printing activity on a quarterly basis and reports on printer outlook for the next year.

First Quarter 1984 was the strongest quarter for printers since PIA began compiling statistics in 1978. Sales increases among those surveyed showed that 70% had increased sales, 12% had sales remain the same, and 18% experienced reductions. A year ago, only 52% of printers surveyed were experiencing increases in sales.

PIA has found a high correlation between printers' expectations about the future and actual sales activity. First Quarter responses to the PIA survey showed sales expectations:

Printers' expectations for the next 6 months	
Expecting Increase	76%
Expecting Same	20%
Expecting Decrease	4%

Printers' expectations for next 12 months	
Expecting Increase	87%
Expecting Same	20%
Expecting Decrease	1%

Judging from the above, there is no sign of this trend abating. Printers are confident about strong sales through 1984 into 1985. Advertising, promotion, direct mail and information printing are growing. Four color continues to dominate and optimism has spread through all regions of the United States and now into Canada as well, the report stated.

Printers are confident about strong sales through 1984 into 1985.

TYPESETTING INDUSTRY STATISTICS

Total value of shipments: **$1.23 billion**
Total establishments: **3,001**
Employment: **33,500 people**
% with over 20 employees: **14%**
Leading states: **New York, Pennsylvania, California, Illinois**

Source: 1982 Census of Manufacturers

ADVERTISING AGENCY STATISTICS

According to *Ad Age*, the U.S. advertising agency industry posted record billings for 1983:
1983 Gross Income: **$6.51 billion**
Change from 1982: **up 10.7%**
World Wide Billings: **$44.2 billion**
Number of Agencies: **822**

WHITE HOUSE FORMALLY ANNOUNCES NOMINEE FOR PUBLIC PRINTER

The White House made it official when President Reagan announced his intention to nominate Ralph E. Kennickell, Jr., to replace Danford L. Sawyer as U.S. Public Printer, reports Printing Industries of America.

Kennickell has served in a number of administration positions since President Reagan took office in 1981, and is currently the Special Assistant to the Administrator of the Small Business Administration.

PAPER-RELATED PRESS PROBLEMS TREATED IN NEW NAPL BRIEFING

A concise discussion of paper in relation to its problem potentials on-press and elsewhere in the processing chain is presented in a new Special Report published by National Association of Printers and Lithographers.

The eight-page Report, titled "Solving Paper-Related Press Problems," consists of two parts — a problem-cause-remedy chart and a preface to it. The preface reviews the structure of paper, cites measures printers can take to reduce potentials for paper problems, and tells how to handle mill merchant relations in those instances where paper has been definitely identified as a problem cause.

The problem-solving chart covers malfunctions relating to feeding and/or delivery, wrinkling on press, ink scuffing-bonding-chalking, picking, hickies, and blanket smashes. Included also are charted guidelines to numbers of hours needed to condition paper to changed environments.

"Solving Paper-Related Press Problems" ($256) is available for sale to members of NPTA at $10 per copy. Contact the NPTA Communications Department.

INDUSTRIAL PAPER

Not only can orders be processed more quickly, but the need for order-taking personnel may be reduced.

INDUSTRIAL PAPER DIVISION CONVENTION PROGRAM

This year's Industrial Paper Program will be split into two separate parts. The first deals with new advances in computer technology for merchants, and the second is on the industrial paper merchant's role in janitorial supply. The umbrella title for both programs will be "The New Frontiers in Industrial Paper Distribution."

Hand-held computer devices

The first program will be entitled "The Utilization of Hand-Held and other Computer Devices for Industrial Merchant Sales Persons." Arthur T. Rodbell, Executive Vice President of VCT Corp. will be the speaker. The objective of this program is to acquaint attendees with the advantages of hand held terminals and other new computer devices.

One of the other new devices to be discussed will be the new "talking" computer systems.

Synthesized voice technology may revolutionize order taking and processing for both manufacturers and distributors, replacing the need for expensive terminals at dealer locations. Instead of depending on conventional terminals, the "voice" computer software handles these routine transactions via push button phone using a digitized human voice to confirm each order. Not only can orders be processed more quickly, but the need for order-taking personnel may be reduced.

Orders can also be placed through analog hand-held terminals used by outside sales representatives to store orders throughout the day before calling the system.

These systems are said to be virtually "error-free" because they repeat each order by number and product description to the customer or sales person for verification resulting in additional savings for businesses.

The hand-held terminals are battery operated, data collection devices. These units can extend the use of your host processor by allowing data to be keyed directly from the field through telephone lines. This substantially reduces data collection time and paper work.

This has proven to eliminate time delays and incorrect order processing because of the misinterpretation of paper work done in the field.

Studies have shown that usage of these systems can increase productivity, efficiency and decrease the time lost between the actual taking of the order and delivery to the customer. The systems are designed to incorporate the total order from the pick list to the immediate invoice of each order.

The use of both of these as well as other systems that will be discussed allow for both customers and merchant sales personnel to place orders at any time of the day or night.

Janitorial supply program

The second program will focus on janitorial supply and the paper distributor. The program is entitled "Janitorial Supply: The Role of the Paper Merchant" and will include presentations by two merchants currently enjoying success in this product line and a representative of a janitorial supply manufacturer. The objectives of the program will be to inform merchants considering ways of either expanding their current offering or beginning a new product area. The program will review the pitfalls, marketing strategies, purchasing and stocking information. Both programs will include a question and answer period.

KETCHUP-IN-A-BOX

To be more accurate, it is really "ketchup-in-a-bag-that's-in-a-box." And Heinz has done it. They are not packing it that way for the home user, instead the bag-in-a-box will replace the large ketchup cans used by restaurants and institutional feeders.

"Vol-Pak" is a cardboard box approximately 12″x14″x3″ that holds a metalized bag which seals out air and foreign matter. The bag has a spigot for easy use and holds as much as four #10 cans of ketchup while using 20% less space.

This product may be used by hospitals, schools and fast-food outlets to replace single service packets or table bottles of ketchup. By filling small paper cups with ease and having an efficient way of keeping squeeze bottles filled, institutional and fast food operators may find this new form of bulk packaging economical.

The can is giving way to other forms of storage. It will be interesting to watch the inroads being made by new forms of packaging into what were the traditional areas of metal and glass.

WASHINGTON WATCH

DISTRIBUTOR-TERMINATION CASE

Under what circumstances will a manufacturer's termination of a wholesaler-distributor violate antitrust laws?

Under what circumstances will a manufacturer's termination of a wholesale-distributor (or refusal to renew a distributorship agreement) violate the antitrust laws?

The Supreme Court has ruled that a manufacturer who terminates a distributor pursuant to a conspiracy or combination with one or more other distributors to fix, maintain or stabilize the resale prices of the manufacturer's products violates the Sherman Act. (Monsanto Company v. Spray-Rite Service Corp.)

As to what evidence is required to establish an unlawful distributor termination, the Court rejected the lower court's ruling that proof that a manufacturer terminated a price-cutting distributor in response to or following complaints by other distributors about price-cutting practices is sufficient.

Instead, there must be evidence that tends to prove that the manufacturer and complaining distributor(s) had a conscious commitment to a common scheme to fix, maintain or stabilize resale prices.

Utilizing this standard, the Court then found that Spray-Rite was terminated pursuant to a price-fixing conspiracy between Monsanto and its distributors. The jury award of $3.5 million in damages, which was trebled to $10.5 million, was affirmed.

Facts

Spray-Rite was a wholesaler-distributor of Monsanto agricultural herbicides from 1957 to 1968. In October, 1968, Monsanto declined to renew Spray-Rite's distributorship asserting a failure to hire trained salesmen and promote sales to dealers. Spray-Rite filed suit and alleged that the termination was a result of a conspiracy among Monsanto and some of its distributors to eliminate Spray-Rite as a competitor. There was evidence of numerous complaints to Monsanto from competing distributors about Spray-Rite's price-cutting practices. The jury ruled for Spray-Rite and the court of appeals affirmed.

Evidence of illegal conduct

The Supreme Court considered the following evidence sufficient for the jury to reasonably conclude that Monsanto and some of its distributors were parties to a conspiracy to maintain resale prices and terminate price-cutters:

- There was testimony that Monsanto had not discussed distributorship performance criteria with Spray-Rite, nor informed Spray-Rite prior to termination that it was failing to meet the criteria.
- A Monsanto district manager testified that Monsanto on at least two occasions had approached other price-cutting distributors and warned them to adhere to suggested resale prices or else they would not receive an adequate supply of a new herbicide. One distributor, who initially objected, eventually acceded.
- A newsletter written by a distributor following a meeting with Monsanto officials stated that Monsanto would make every effort to maintain a minimum market price level.
- In a post-termination meeting between parties, the first thing a Monsanto official mentioned was the many complaints Monsanto had received about Spray-Rite's prices.
- A former Monsanto salesman testified that Monsanto representatives informed Spray-Rite of these complaints and requested that prices be maintained.

This evidence was sufficient *even though* there was no testimony of any complaints about Spray-Rite's pricing for the fifteen months prior to termination.

Conclusion

Establishing an unlawful conspiracy to maintain resale prices and terminate price-cutters requires evidence that reasonably tends to prove that the manufacturer and others had a common scheme to achieve an unlawful objective. Proof of termination following distributors' complaints about the terminated distributor's pricing practices alone is not sufficient.

JUNE, 1984

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day June 1984 - Compared To - June 1983	Sales Per Selling Day June 1984 - Compared To - May 1984	Sales Per Selling Day 1984 Year-to-Date - Compared To - 1983 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of June 1983	Days Outstanding (Accounts and Notes) At Close of June 1984	Calendar Days' Cost* of Ending May Inventory 1983	Calendar Days' Cost* of Ending May Inventory 1984
INDUSTRIAL							
1	+12.2	+ 1.5	+ 7.6	46	43	53	--
2	+17.5	+ 5.6	+13.0	33	36	54	52
3	+ 9.5	- 8.0	+17.8	33	36	62	59
4	+11.6	+ 2.0	+17.0	36	39	56	56
5	+ 8.8	+ 2.0	+ 9.3	32	35	60	61
6	+ 8.5	+ 5.6	+13.5	36	40	--	--
7	+ 2.8	+ 1.1	- 2.1	36	40	66	54
NY Metro	+12.2	+ 3.0	+ 6.1	41	43	--	--
Chicago Metro	+23.0	+ 3.7	+ 6.6	39	38	63	--
LA Metro	+20.7	+ 4.6	+ 8.1	51	53	49	57
US	**+11.3**	**+ 1.0**	**+11.8**	**36**	**40**	**58**	**56**
PRINTING							
1	+18.2	- 9.2	+25.2	48	48	--	--
2	+27.7	+ 1.0	+28.1	46	46	68	61
3	+23.0	-10.0	+34.3	41	41	80	88
4	+38.9	+ 5.5	+29.2	42	43	75	73
5	+31.1	+ 5.2	+27.7	43	44	--	81
6	+32.8	- 0.7	+22.6	41	39	--	--
7	+26.6	- 1.4	+15.0	39	40	82	79
NY Metro	+43.2	- 2.4	+47.3	43	40	--	--
Chicago Metro	+34.9	+ 6.6	+29.4	44	40	69	--
LA Metro	+40.9	+10.7	+30.2	35	45	78	79
US	**+32.6**	**+ 0.6**	**+30.4**	**42**	**43**	**77**	**77**

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

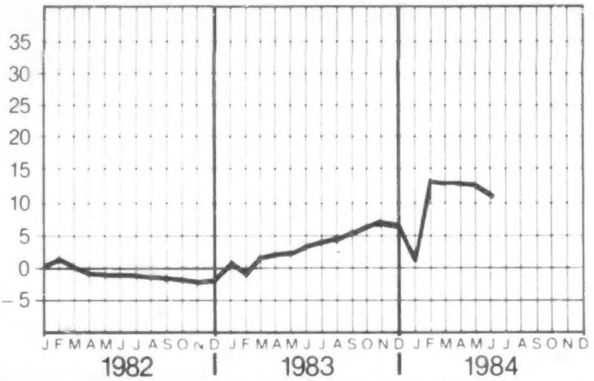
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

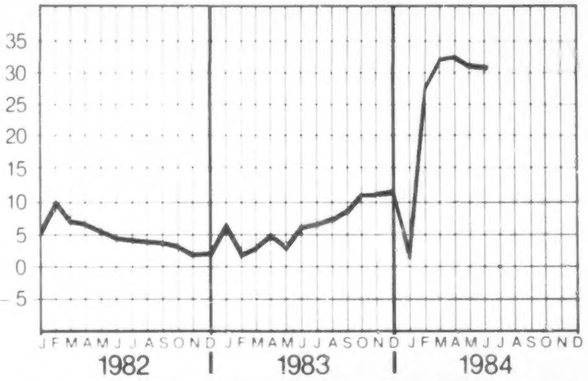
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



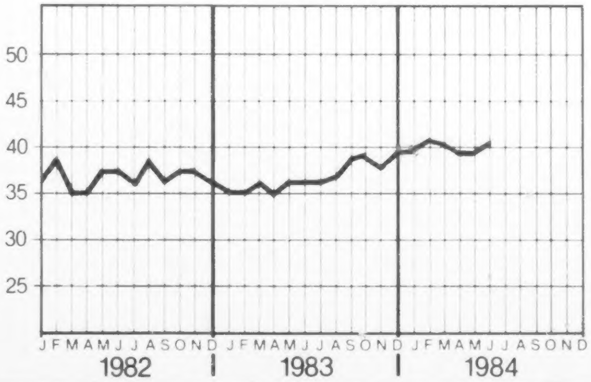
PRINTING PAPER SALES NATIONALLY



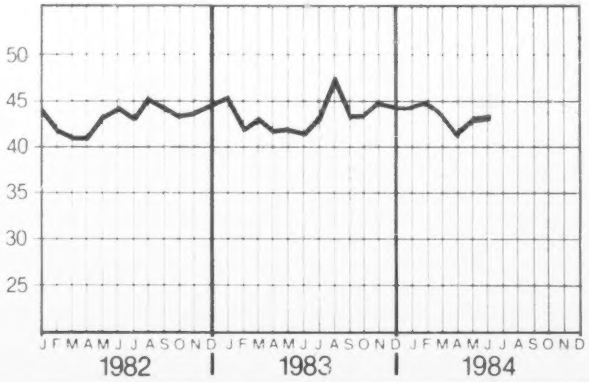
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



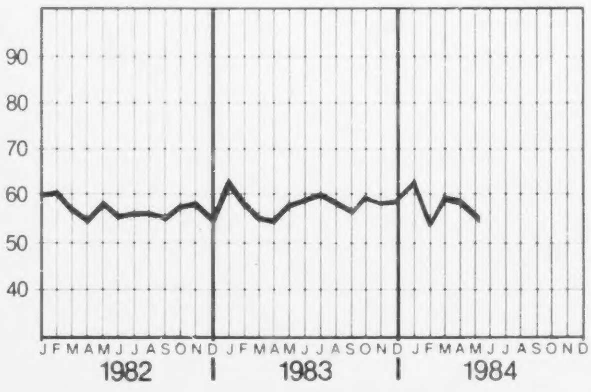
PRINTING PAPER RECEIVABLES NATIONALLY



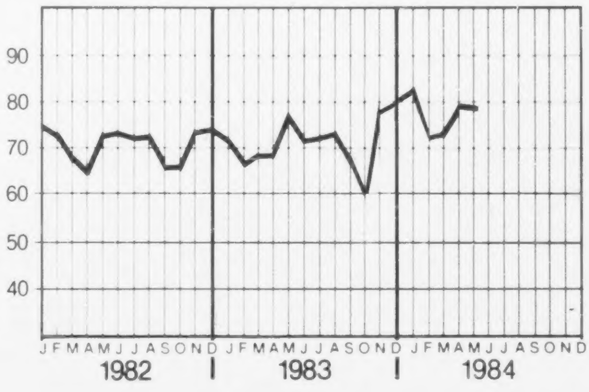
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



DIMENSIONS IN TRAINING

SALES MANAGERS IN DISTRIBUTION

Part II: The Salesmanager As Teacher

Any activity properly planned to increase a salesperson's skills is training.

Managers must set objectives, and be leaders; but equally important for them is they must review, evaluate, and coach. It is important for sales managers to learn how to coach, because coaching is a technique by which managers help each sales rep:

- Achieve greater skill in effectively carrying out job responsibilities.
- Achieve a more exacting degree of job knowledge.
- Attain a higher level of job satisfaction through improved performance.

After each sales call, the manager and salesperson should discuss the strengths and weaknesses of the call and formulate specific courses of action for performance improvement. The results of these sessions can serve as an informal base for subsequent formal performance evaluation and review.

Leadership, motivation and control are all basically dependent on the ability to communicate accurately. An understanding of the process of communication, its potential barriers, and the skills involved is essential to all other dimensions of sales management.

The teacher motivates his students

One of the more formidable challenges facing sales management is building up salespeoples' motivation. While sales meetings and personal direction are effective tools, the best way to enhance motivation is by building up enthusiasm, spirit and identification with the mutually set objective. To do this the manager must:

- lead and direct, rather than boss
- suggest, rather than command
- appeal to pride and ambition
- help to obtain objectives
- act as a friend and counselor

While sales compensation is a prime motivator, the manager must recognize that other factors are important, especially at those times when sales fall below quota. As a teacher, the sales manager must also see that his or her people are motivated by the challenge of the job that allows for a feeling of achievement, responsibility, advancement, enjoyment of the work itself, respect for selling and sense of belonging in the company.

The motivated salesperson is one who knows management wants to see his or her skills upgraded. Sales managers must provide opportunities to learn if they expect top sales production. When salespeople feel the company values them highly enough to offer additional training, there will be a strong desire to produce. Training does not necessarily mean formal programs in classroom format. Any activity properly planned to increase a salesperson's skills is training. This can include workshop sessions, role playing, short discussions, etc.

Teacher as trainer

Because the paper distributor's major investment is people, training is a powerful agent. The sales manager must integrate training into the organization. But first, a knowledge of the company's problems and objectives is essential. The more training supports the company's goals and tackles problem issues, the more successful that training will be.

What are some of the organizational goals that the training function might address? Cost control, increased revenue, dealing effectively with competition, changing how products and services are marketed, improving team work, smoothing inter- and intra-departmental relationships, improving productivity, reducing customer complaints or cancellations.

All these issues are the sore spots to which the trainer sales manager can help apply a remedy. When training is viewed as providing valuable skills and effecting needed change, managers win respect and credibility.

The long-range success of every merchant's sales force is reflected in the sales manager's ability to develop his or her people to the fullest potential. The manager's responsibility is to continually upgrade their professionalism. Working with the sales force, the manager can help its members enjoy the thrill of success while contributing to the company's profitability.

Resources available

NPTA's Education and Training Department is aware that training is a vital organ that constantly pumps new life into an organization's employees and management. NPTA can provide sales management with a wide variety of training aids and programs that address the issues of skill development.

Listed in the Department's *PAPER MERCHANT'S AUDIO VISUAL TRAINING CATALOG* is a collection of over 350 educational resources that can be utilized in-house for training in a most cost efficient and operationally effective way. For a copy of your free catalog and for additional information on sales management training, contact the NPTA Education and Training Department.

Editor's note

The NPTA Education and Training Department has just compiled a six page report titled "Sales Manager as Coach." For a free copy, call or write NPTA.

ASSOCIATION FILE

DATA INTERCHANGE STUDIED

Faster processing of orders and reduced lead times will result in the need for less inventory on hand.

The National Paper Trade Association in cooperation with the Paper Group of the American Paper Institute, has formed a joint supplier merchant task force to explore paper distribution industry needs in the area of electronic exchange of information between paper merchants and their suppliers.

In a recently conducted landmark study on future trends in wholesale distribution, it was reported that by 1990, 90% of wholesalers and suppliers would be exchanging information electronically. In a follow-up study looking at future trends in paper distribution, electronic exchange of information between paper merchants and suppliers was the third most important trend impacting mill and merchant relations.

Studying EDI

The study of electronic data interchange (EDI) focuses on the routine business transactions flowing between manufacturers and paper merchants associated with the full procurement cycle. Included are messages associated with purchase orders, shipment advises, manifests, invoices, and payment advises as well as changes and adjustments to these transactions. Excluded from this study now is actual electronic funds transfer.

Total direct and indirect savings and benefits to the paper distribution industry are difficult to calculate at this time. In 1980, Arthur D. Little, Inc. estimated that the total grocery industry could save $650 million annually through widescale use of EDI procedures. Savings to the paper distribution industry could be at least half that amount.

These issues are of growing importance to paper merchants and their suppliers for many reasons - increased productivity, reduced inventory investment and improved customer service, are a few. From a defensive point of view, it will be necessary to embrace these new technologies because more and more competitive channels of distribution are using them. Increased request by customers to create transmission networks will encourage suppliers and merchants to participate.

Increased productivity will be achieved by less data entry, fewer input errors, and the opportunity to have clerks perform other tasks. Faster processing of orders and reduced lead times will result in the need for less inventory on hand. A lower cost of acquisitions (inventory carrying costs are about 2% of purchase price per month) will have direct, strong impact on company profitability.

Fully automated systems between supplier, merchant and ultimately, the customer will result in improved customer service levels, unattainable by today's manual procedures.

Goal

The industry task force has adopted, as its goal and objective: "To enable this efficient and effective electronic data interchange, bar coding and product identification between paper merchants and their suppliers through the development, adoption and dissemination of voluntary guidelines.

One basic goal is to be knowledgeable about EDI efforts of affiliated supplier and customer groups in order to develop voluntary guidelines that will have maximum use across industry lines."

Task force organization

The task force will be organized into a policy committee, a technical committee, and an education and publicity committee. The National Paper Trade Association will act as the overall coordinating group. In staffing all committees of the task force, a balance of industrial and printing paper suppliers and merchants will be achieved.

The policy committee will have responsibility to determine the pace and scope of the task force. At the present time, the policy committee has determined that a review of the American National Standards Institute (ANSI) X12 recommendations for electronic transmission would be its first assignment. It is the group's hope that paper distribution industry standards could be created to fit within the generalized ANSI X12 format.

Technical committees will begin reviewing purchase order, invoice, and payment advice formats. In addition a voluntary guideline for manifests, developed by the Graphic Arts Communicators Association (GAC) will also be reviewed.

After this assignment is complete, and paper and industry voluntary guidelines have been published, the task force could turn its attention to the development of procedures that would be used in one-to-one merchant customer inquiries, such as order status and inventory availability information.

The education and publicity committee plans to hold a meeting at the 1984 NPTA Convention to publicize the task force.

Please direct any questions and comments on this subject to John J. Buckley, Jr., at NPTA headquarters.

PAPERSOFT

Software for Paper Distributors

IMPROVE SERVICE AND INCREASE SALES—

PAPERSOFT handles the processing of customer orders from phone call to billing. As orders are entered, the user views up-to-the-minute status of the inventory, with a list of suggested substitutes for out of stock items. Product amalgamation, regular bracket pricing, special pricing, and taxes are all automatically applied. Customer backorders are released for shipment as soon as the merchandise is received.

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PAPERSOFT was developed by the ComputerWorks in conjunction with Seattle based West Coast Paper Company to meet the specialized needs of Industrial and Printing Paper Distributors. For detailed information, or to arrange for a demonstration, please call the ComputerWorks collect at (206)828-6787.

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NPTA MANAGEMENT NEWS
SEPTEMBER 1984

MN

Strive for Excellence at the NPTA Annual Convention and Exposition

NATIONALREGIONALITY

There is a new printing paper distribution group in the industry, one with **national-regionality**—the service orientation and responsiveness of a regional distributor backed by the resources and continuity of a national organization. It's new, and it's one hundred-and-fourteen years old. It's the Printing Paper Unit of the Crown Zellerbach Distribution Group, and it's steeped in the tradition of good service, integrity and value that is the Crown Zellerbach name.

It is national and it is regional. The Printing Paper Unit is three fine distribution companies —Zellerbach Paper Company, Virginia Paper Company and Southern Paper Company—backed by the strength of the Crown Zellerbach Distribution Group.

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Distribution Group

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Finally. A complete software system* designed *just* for the large paper distributor. It's so perfect that adding anything more would be like adding another egg to an even dozen. In fact, if any similar system has a feature we don't, we'll add what's missing. Free.

Excalibur is the exceptional software behind this exceptional guarantee. Combined with Wang Laboratories' high-powered VS computer series, Excalibur provides the business solution you'll never outgrow.

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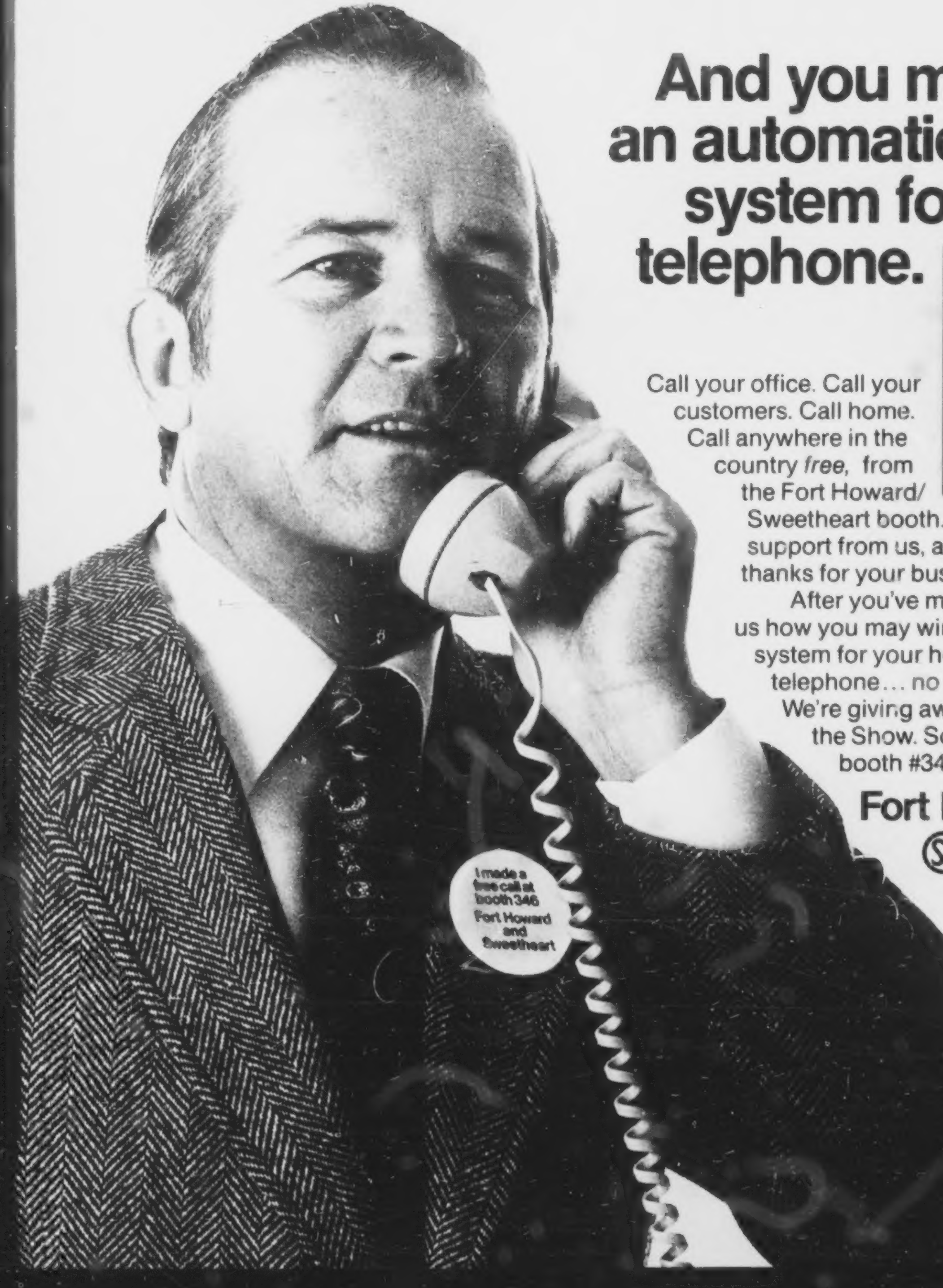

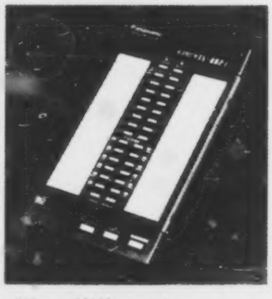

Call your office. Call your customers. Call home. Call anywhere in the country *free*, from the Fort Howard/ Sweetheart booth. It's a little extra support from us, and our way of saying thanks for your business.

After you've made your free call, ask us how you may win an automatic dialing system for your home or business telephone... no strings attached. We're giving away three each day of the Show. So be sure to stop by booth #346. See you there!

Fort Howard Paper
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MN
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Please address all inquiries to the Editor. Original manuscripts and letters are welcomed.

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Paper merchants join industry suppliers at Expo '84.

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The distribution industry now has its own specialized training program for printing paper people: Printech. This intensive week-long institute will be held at Rochester Institute of Technology November 12-16, 1984.

20 **The 1984 Annual Convention and Exposition**

NPTA will attract 6,000 to its Convention in Chicago this year. Many important industry seminars will be held from Saturday-Tuesday, September 22-25. The Exposition will have many new companies exhibiting and a record number of computer hardware and software firms will be on the floor of the Show. The special events planned should not be missed!

28 **Paper Distribution Research Chair Created**

A long range research program has been established at North Florida State University. The PAPER Foundation's $1 million program gets off the ground with a clear purpose and a major fund raising effort. $600,000 has been raised, but more merchant support is required.

34 **Sales Rep Compensation: What About Variable Commissions?**

by David Cichelli

Some merchants are moving away from straight commission plans for outside sales reps. Why? New variable commission structures may be more beneficial to the rep and to the house.

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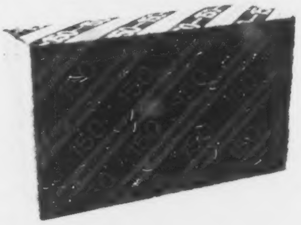
What's behind a Scott distributor's smile?

Confidence. The unshakable kind of confidence that comes only with being a leader. By offering products with unique qualities, real benefits not available anywhere else. American business is demanding more quality and value for its money, so he's never been in a better position. His customers have grown to expect the best from him, and he has the "bests" to give them. That keeps him smiling.



Brand 150 C-Folds: First for more than 70 years. *One look will tell you why. One use will show you how. Those little bumps are Scott's Perf-Embossed® finish which exposes more drying fibers, creating an unusually high capacity to hold water. Soft. Strong. Absorbent. This towel can do it all. And people notice the personal luxury of getting their own towel. They notice the name Scott proudly embossed on each one. Brand 150 C-Folds present a first-class prestige image to users. That's value. No wonder it's been one of the world's best selling towels for so long.*

WypAll: America's #1 all-purpose wiper. *A big, hefty wiper that works harder and costs less to use than shop towel rentals or rags. WypAll soaks up oils and fluids fast. Each WypAll is soft, clean, and new. No chips, chemicals or odors from previous users. WypAll also saves customers money by eliminating replacement and damage charges. Cost and performance. That's why WypAll and WypAll Blue are preferred by more people, in more industries, than any other disposable wiper.*

Brand 111 Hard Roll Towel: Rapidly becoming a best seller for washrooms everywhere. *Strong. Thirsty. Perf-Embossed.® Everything your customers ever wanted in a hard roll towel. And more. Perfect for industrial situations where frequent wash ups are the rule.*

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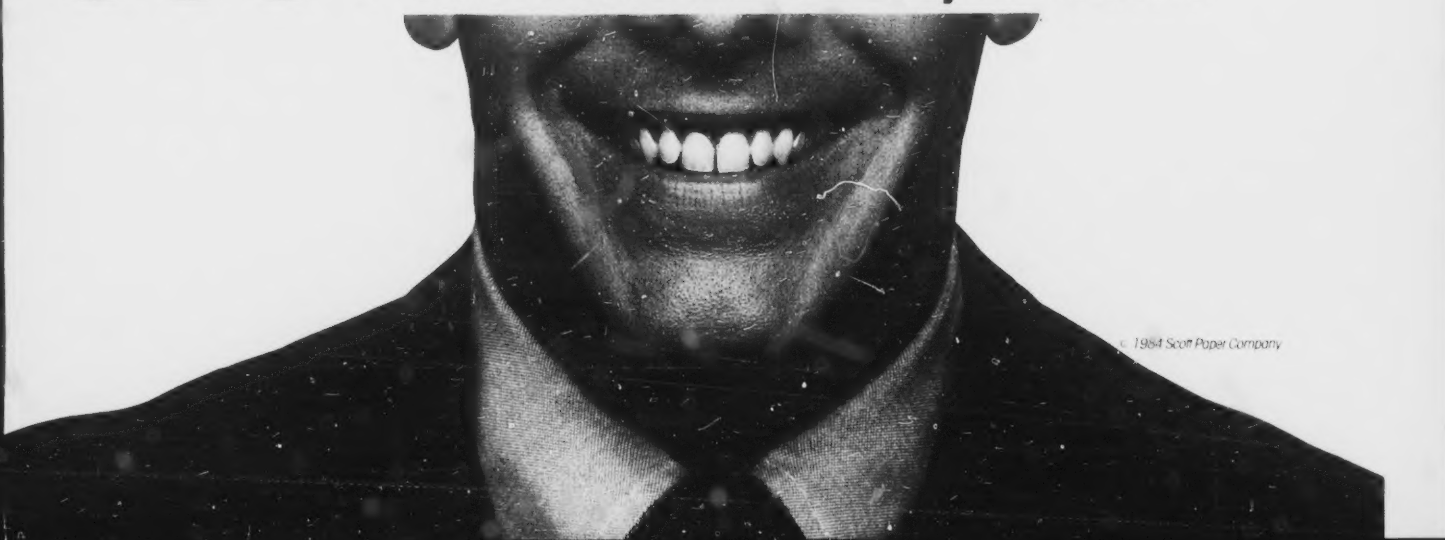
Scott Industry Bundles: A market exclusive. *A constantly updated selection of preferred products tailored to both general and specific market needs. Complementary products for one-stop shopping. Products that deliver more quality and value in a single market bundle than any other. But you expect that from Scott.*

The Scott Commitment: The best value products available only through independent merchants. *To begin with, we're very selective about who we choose to become a Scott distributor. Because, once selected, we're committed to working together very closely; to doing everything we can to make it a mutually beneficial relationship. It's the kind of commitment that comes only from a company that's been in the business for over a hundred years. And it's working very nicely, thank you.*

INDEPENDENT DISTRIBUTOR **SCOTT**

Say cheese.

SCOTT **A HOUSEHOLD NAME, AT WORK.**



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WWF HAS PURCHASED IMPRESSIONS PAPER

WWF Paper Corporation, headquartered in Bala Cynwyd, PA, has purchased Impressions Paper and Supply Corporation of New Rochelle, NY. Impressions Paper is a merchant house that specializes in the marketing of cut size paper and related supplies to the reprographics market.

The new owners report that the current leadership at Impressions will be maintained: Raymond Germin, president; Michael Negri, vice president.

According to WWF, Impressions Paper and Supply will maintain its focus on national account contract sales and on the local market surrounding New Rochelle. Impressions has been successful because of its unique sales and marketing in areas not traditionally covered by commercial printing paper merchants. Their business will be significantly augmented by the 25 stocking locations of WWF in the United States and the United Kingdom.

CHAMPION WILL ACQUIRE ST. REGIS IN HISTORIC MERGER

Amid the furor caused by Rupert Murdoch's pursuit of ownership of St. Regis came the solution: merger with Champion International, the nation's fourth largest paper company.

The battle for St. Regis ownership was fought in July when Rupert Murdoch purchased his initial shares of St. Regis stock and made overtures for the rest of the company. St. Regis found it increasingly difficult to escape Murdoch's plans for the company and so they looked for a better deal—that offered by Champion.

The combined Champion/St. Regis entity had 1983 gross sales of over $7 billion making it the largest paper company in the United States. Champion's chairman Andrew C. Sigler, anticipating possible antitrust problems, said in a *New York Times* article that once the merger was complete, the new company would begin an aggressive divestiture program. What pieces will be let go was not disclosed, but Sigler said that "the basic thrust for the merger is the core paper business of each company."

The new company will own six million acres of timberland making it second only to International Paper. Both Champion and St. Regis are know to run efficient paper mills and it is forecast that the merger will cause both companies to re-evaluate their capital spending plans.

In the new corporation, Sigler will be chairman and William R. Haselton, chairman of St. Regis, will become vice chairman.

KILLHOUR ACQUIRED BY COMMERCIAL CARD & PAPER

Commercial Card & Paper Company has acquired W.B. Killhour & Sons Company of Philadelphia, PA. The two companies have been merged into one and are now operating out of the Killhour building at 7825 Holstein Avenue.

The president of Commercial Card & Paper, James W. Barratt, has become president of the new entity now named Killhour-Commercial Paper Company. The combined companies are expected to have gross annual sales of over $20 million.

BMT OPENS NEW SACRAMENTO FACILITY

Blake, Moffitt & Towne has opened an expanded facility at 7728 Wilbur Way in Sacramento, CA. This new paper and packaging distribution center combines the former north 10th street offices and the warehouse of the company's Sacramento Division located in Stockton.

In conjunction with this move, the company has opened a sales office in Stockton. BMT reports that the new Sacramento facility is equipped with the latest in data processing, communications, storage and materials handling equipment.

BUTLER PAPER REORGANIZES MARKETING OPERATION

A reorganization of the marketing department of Butler Paper Company, Englewood (Denver), Colorado was announced by Francis G. Walker, president of the company. Richard P. Wales, who has been a regional vice president for Butler, has been named vice president of marketing for the company. Reporting to him will be Thomas Leech, Jr., currently marketing manager, industrial papers; G.J. "Bill" Evans, who has been appointed to the new position of marketing manager, sanitary maintenance products; and David B. Wessling, marketing manager, fine papers.

The reorganization of Butler's marketing organization is anticipating the retirement later this year of Donald Wright, who has been vice president of marketing for Butler. The reorganization also represents "a broadening of the marketing group to accommodate Butler's rapid growth," Mr. Walker said.

John J. Burgess, vice president of planning for the Butler organization, will continue with his current responsibilities in training and planning as part of the marketing group, and Wright will continue as a company vice president until retirement.

Replacing Wales as regional vice president is Joseph A. Perry, who has been vice president and general manager of the company's Denver paper outlet. Dennis V. Filkoski, who has been sales manager of the Denver paper outlet, has been promoted to vice president and general manager of the division.

CENTURY PAPERS REPORTS YEAR-END EARNINGS

Century Papers, Inc. of Houston, TX reported earnings for their year which ended on March 31, 1984. Net sales was set at $75.6 million, up 7% from last fiscal's $70.5 million. Earnings were $920,000, down 16% from the year before. The company's board declared a three for two stock split.

Herschel G. Maltz, president and chief executive officer of Century said "overall operating earnings were approximately the same as last year. The major reason for the reported decrease in earnings was a current-year increment to LIFO reserve, which reduced after-tax earnings by $120,000 or 12 cents per share reflecting the effect of the stock split, compared to an after-tax reduction in our LIFO reserve, which increased earnings by $101,000 or 10 cents per share for the prior year, as restated to reflect the effect of the stock split."

"NATIONALREGIONALITY" UNVEILED BY ZELLERBACH

Emphasizing regional responsiveness backed by national resources, the Printing Paper Business Unit of the Crown Zellerbach Distribution Group will unveil its "NationalRegionality" campaign at the NPTA convention. With a series of ads, "NationalRegionality" is intended to express the Distribution Group's operating philosophy to its peers and to vendors attending the convention.

"We are actually a group of focused businesses," explained F. Dale Simonsen, vice president printing papers, Crown Zellerbach Distribution Group, "national in scope, yet regional in identity and operations. Our intent is to maximize the benefits and advantages of both. Hence, NationalRegionality.

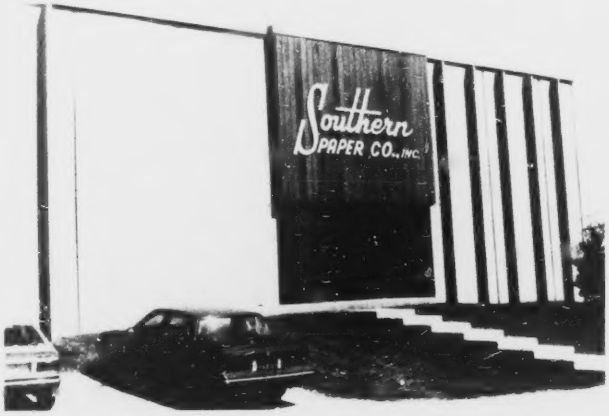
"The Printing Paper Business Unit has the responsibility for developing overall strategies and allocating resources to support regional business profitability. Each regional business has the responsibility for local market responsiveness and ROI," Simonsen said.

The Printing Paper Business Unit includes Zellerbach Paper Company in the western U.S., Virginia Paper Company in the southeast and south, and Southern Paper Company in Tennessee and Kentucky. Each of these chains continues to operate under regional management with Alan S. Gralnick managing Zellerbach Printing Papers West, Charles E. Gottesman, Zellerbach Printing Papers South, James S. Hunter presiding over Virginia Paper Company and Duke Windsor, president of Southern Paper Company.

The Printing Paper Business Unit is a part of the Crown Zellerbach Distribution Group which also includes an Industrial Business Unit headed by Walter G. Woodbury, vice president, industrial, and an Office Products Business Unit which includes Zellerbach Office Products in the West and Stationers Distributing Company in the South and Southwest.

SOUTHERN OPENS NEW FACILITY

The 30,000 sq. ft. branch office and warehouse in Louisville, KY is Southern Paper Company's newest addition. Timothy G. O'Day has been named manager of the new location. Southern has offices in Knoxville and Chattanooga, TN as well as Lexington, KY.



PAPER INDUSTRY LEADS IN SELF-GENERATED ENERGY

According to the American Forest Institute, the nation's paper industry continues its lead among all U.S. industries in self-generated energy, producing 54.4 percent of its own total energy requirements in 1983. Its increased use of spent pulping liquors, hogged wood and bark represented a fuel savings of approximately 187 million barrels of oil equivalent—or about 41 days of current U.S. oil imports.

SENTINEL FOAM HAS UNIQUE SHOW BOOTH IDEA

Sentinel Foam Products already has a strong distributor network in place. They are not looking for additional merchants to handle their products. Then why are they participating as an exhibitor on the floor of the Paper/Plastics and Allied Products Exposition?

Richard P. Giberti, national sales manager for Sentinel, said that the 1984 booth will be a "thank you" to the merchants who have handled their products over the years. "The booth will become an important added effort to reach all levels of our distribution network."

SEALED AIR COMPLETES INTEGRATION OF CELLU PRODUCTS

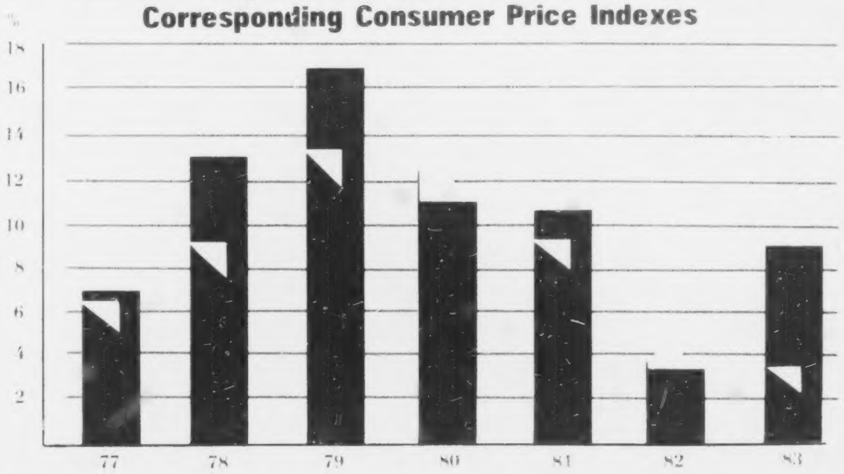
After acquiring Cellu Products in October, 1983, the Sealed Air Corporation has formed a new Cellu Products Division of the company. Headed by Jerry W. Akins, vice president and general manager, the division consists of three primary operating groups: Food Packaging, Furniture and Specialty Products, and Manufacturing.

(Continued on page 42)

INDUSTRIAL PAPER

RECENT CENSUS BUREAU STUDY RESULTS GOOD NEWS FOR INDUSTRIAL PAPER MERCHANTS

Industrial Paper Firms Sales Volume Changes and Corresponding Consumer Price Indexes



Bars are shown in percentages; flags indicate Consumer Price Indexes in percentages.
Note: For complete details see Table #4.

According to a preliminary report of the 1982 Census of Wholesale Trade for industrial and personal service papers issued May of 1984, merchant wholesalers' sales rose from $5.6 billion in 1977 to $9.1 billion by 1982. This represents an average annual increase of 12.4%. In comparison, the annual NPTA Performance Analysis Report results showed industrial merchants' sales up an average of 11.4% yearly.

The report stated that the nation's 4,344 industrial and personal service paper wholesalers (including manufacturer sales offices and independent brokers) had sales of $22.8 billion in 1982. This may be compared to 3,957 wholesalers in 1977 (again including manufacturer sales offices and brokers) which had sales of $14.7 billion. Merchant wholesalers accounted for $5.6 billion or 38% of the 1977 volume and $9.1 billion or 40% of the total market by 1982—an increase of $3.5 billion in sales and a 2% increase in their share of total volume.

The report also found that chemicals and allied products and stationery supplies are representing a greater share of these wholesalers' other business. About 10% of their business in 1982 was in commodities other than paper goods, and of these other goods, chemicals and stationery supplies are being sold more. (see table #1)

In California, New York and Illinois sales of industrial and personal service paper by wholesalers was in excess of $2.6 billion in 1982 - making them the top three states in sales. The top ten states in sales (see table #2) represented over 68% of total nationwide sales.

Sales growth for wholesalers over the period 1977-1982 was greatest in Illinois, New Jersey, Pennsylvania, Georgia, Connecticut and Florida, where increases were substantially higher than the 11.1% U.S. average reported by the Census Bureau.

The NPTA PAR industrial merchant average growth was 11.4%.

Connecticut had the highest average sales per establishment at $11.7 million. All top ten states (except Pennsylvania) had a higher annual growth in sales per establishment than the total U.S. average of 8.3%. Texas had the highest annual yearly growth rate of 32.7%.

In the category of sales per employee, Census Bureau results showed a greater sales volume than the NPTA PAR results. This is due to the fact that sales by manufacturer sales offices and brokers are included, compared to "merchants only" in PAR. Wisconsin had the highest sales per employee with an average of $795,100, with Illinois close behind at $716,700 per employee. (see table #3)

Table #1

Sales of Major Commodity Lines as Percent of Total Sales: 1982 and 1977

Commodity line	1982	1977
Custodial (janitors') equipment and supplies	.7	.9
Printing and writing (fine) paper	3.4	3.2
Stationery and office supplies	1.3	.8
Industrial and personal service paper	87.0	87.0
Drugs, pharmaceuticals, and cosmetics	.8	.4
Frozen foods (packaged)	.2	.2
Other grocery specialties	1.2	1.0
Plastics materials and basic forms	.5	.4
Chemicals and allied products	2.6	1.8
Service receipts and labor charges	-	.1
All other receipts	2.3	4.2
All commodities	100.0	100.0

Table #2

Industrial and Personal Service Paper Wholesale Trade Performance (1977-82)

THE TOP 10 STATES

Overall Sales			Sales Per Establishment		
Top 10 States	1982 Sales * ($000)	Avg. Yearly Change: 1977-82	Top 10 States	1982 Sales per Establishment ($000)	Avg. Yearly Change: 1977-82
CA	$ 2,692.2	11.4%	CT	$11,727.1	22.2%
NY	2,622.7	4.6	WI	9,757.4	15.1
IL	2,620.9	18.2	GA	8,238.3	18.1
NJ	1,814.6	14.7	IL	8,039.7	12.5
PA	1,190.9	15.7	KY	7,257.7	1.7
OH	1,042.1	4.6	CO	6,882.3	26.7
GA	988.6	22.3	MN	6,675.4	29.0
TX	981.4	8.7	NH	6,336.8	32.7
CT	926.4	23.8	IN	6,218.8	15.4
FL	762.6	23.1	TN	6,085.8	13.2
TOTAL U.S.	$22,809.1	11.1	TOTAL U.S.	5,250.7	8.3

Source: 1982 Census of Wholesale Trade 1984 NPTA PAR Survey Results

* This includes sales of merchant wholesalers, manufacturer's sales offices, and brokers. NPTA members include only merchant wholesalers.

Table #3

Industrial and Personal Service Paper Wholesale Trade Performance (1977-82)

Sales Per Employee

			PAR RESULTS	
Top 10 States	1982 Sales Per** Employee ($000)	Avg. Yearly Change: 1977-82	NPTA Region*	Industrial Merchants ($000)
WI	$795.1	18.7%	4	$260.0
IL	716.7	13.8	4	260.0
CO	588.5	28.8	5	273.6
CT	572.2	7.1	1	N A
NH	551.0	34.7	1	N A
GA	542.6	17.6	3	182.1
KY	500.0	12.5	5	273.6
MN	508.8	0.1	4	260.0
NJ	442.6	6.8	2	228.9
CA	429.7	9.5	6	276.8
TOTAL U.S.	398.9	7.8	TOTAL U.S.	240.7

Source: 1982 Census of Wholesale Trade NPTA PAR Survey Results (1984)

* NPTA regions listed contain the top 10 states in the first column. They are listed to give the reader a geographic comparison between Census data and NPTA PAR results.

** Includes merchants wholesalers as well as manufacturers' sales offices and brokers.

N A - Data not available.

Note: For a detailed listing of NPTA Regions, see p. 37.

Table #4

Major Merchant Groups Sales Volume and Consumer Price Changes 1977-1983

Sales Volume Changes*	% 1977	% 1978	% 1979
All Printing Firms	13.7	17.6	22.1
All Industrial Firms	7.1	13.4	16.9
All Dual Firms	11.6	13.0	14.2
Price Index Changes			
Urban Consumer Price Index	6.8	9.6	13.5

Sales Volume Changes*	% 1980	% 1981
All Printing Firms	7.5	7.9
All Industrial Firms	11.8	11.3
All Dual Firms	11.5	8.4
Price Index Changes		
Urban Consumer Price Index	12.4	8.9

Sales Volume Changes*	% 1982	% 1983
All Printing Firms	4.9	14.6
All Industrial Firms	3.5	8.3
All Dual Firms	-4.2	6.5
Price Index Changes		
Urban Consumer Price Index	3.9	3.8

* Composite averages

Source: NPTA MFI Performance Analysis Reports, Bureau of Labor Statistics

Note: All detail shown is based on current dollars for the years specified and have not been adjusted for price changes. Therefore, when making comparisons to prior years, users should consider the inflation that has occurred. Also note that 1982 data are preliminary and subject to change in the final reports.

All categories of paper merchants experienced a strong rebound during 1983. Printing, industrial and dual merchants all had sales increases greater than the consumer price index. Printing paper merchants had the most significant rise in sales, 14.6% followed by industrial merchants, 8.3% and dual firms, 6.5%.

PRINTING PAPER

NPTA TO CO-SPONSOR PRINTERS' FIRST CONFERENCE ON MATERIALS MANAGEMENT

The purchase, storage, handling and management of materials accounts for more than 50% of many printers' operating expenses. Overlooked and hidden materials-oriented costs detract from printing production profitability. Unsolved material problems cause more difficulties and cost more dollars than most managers care to admit.

The National Paper Trade Association is cooperating with Printing Industries of America's Materials Management Group to hold its first annual conference. It will be held at the Sheraton International Hotel at O'Hare Airport, Chicago, IL November 7-9, 1984. Both printers and printing paper merchants are expected to attend.

One of the objectives of the Conference is to assist sheetfed and web printers in developing an effective materials management program that will help them achieve short-term cost reductions and continued production improvements. The Conference is attracting the attention of merchants because printers spend more on paper than any other commodity, and their paper suppliers wish to help them increase their materials handling efficiency.

NPTA's co-sponsorship of this conference stems from the belief that activities such as these foster better relations among printers and paper merchants.

Printers and merchants will confer on materials management in Chicago.

Program Overview:

Materials Management - the Basics
Specifying and Purchasing
Quality Control
Paper Quality Reporting
Waste and Spoilage
Bar Coding Developments
Forklifts to Robotics
Materials Availability
Paper Storage
Functional Management

The Conference will run 2½ days beginning on Wednesday, November 7, 1984 at 9:00 a.m. and finish that Friday at 12:30 p.m. There is a special reduced fee for NPTA members at $300 for the first company participant, and $250 for each additional attendee from the same company.

For more information, contact William H. Frohlich, vice president communications, at NPTA headquarters.

NEW BOOK ON SELECTION AND PRINTING OF COVER AND TEXT PAPERS AVAILABLE

A 60 page educational guide published by the Cover & Text Paper Manufacturers, American Paper Institute, Inc. (API), features 30 examples of fine Cover & Text papers. The *Cover & Text Book* offers guidelines to the selection, creative applications and printing of fine papers, demonstrating numerous graphic techniques and over 40 ink colors on a wide range of paper colors, textures and finishes. A variety of Cover & Text weights and duplex color combinations also appear.

The guide has been published as a reference source for graphic designers, printers and other paper specifiers, and discusses the aesthetic and functional qualities offered in the Cover & Text group of printing papers. Embossing styles, foil stamping, engraving, process color, halftones and opaque inks are among the techniques shown.

Two sections provide guidelines for the specification of papers and various printing and finishing procedures. The role of the paper merchant is outlined and information on paper standards, swatchbooks, formats and envelopes is also provided. Other sections offer the history of platemaking and a glossary of paper terms.

"*The Cover & Text Book*," said Mr. James L. Hutchison, Vice President - Paper Group, American Paper Institute, "is a visual reference and educational guide for industry. It shows how cover and text papers blend the message with the paper and marry the message with the medium. It illustrates how the paper makes the right point and the correct impression. Designers, printers and their clients can see the paper and feel it while they are learning."

API's Cover & Text Paper Manufacturers Group consists of the Beckett Paper Company, Curtis Paper Division/James River Corporation, Hopper Papers, Mohawk Paper Mills, Inc., Monadnock Paper Mills, Inc., Simpson Paper Company and Strathmore Paper Company.

The Cover & Text Book is available for $6.95 plus $2.25 for postage and handling (total $9.20) from American Paper Institute, Inc., Dept. MK, 260 Madison Avenue, New York, N.Y. 10016. The book will also be available through many paper merchants in the U.S. and Canada.

SUPREME COURT RULES ON ILLUSTRATION OF U.S. CURRENCY

Only the government can print money, but anyone can print pictures of U.S. currency—as long as certain governmental guidelines are followed. In the July 3, 1984 Regan V. Time, Inc. case, the Supreme Court ruled that illustrations of currency in publications are *only* permitted in black and white and may not be printed actual size. These illustrations may be greater than one and one-half times larger or less than three-fourths the actual size of the currency.

We're On The Way

Coast to Coast. South to North. West to East. And In-Between.

We're Blake, Moffitt & Towne. BMT for short. BMT for the finest service and products available.

BMT — distribution headquarters for printing, publishing and reprographic papers; industrial, retail and agricultural packaging materials and equipment; food service, janitorial and shipping room products and supplies.

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BMT PAPER **Blake, Moffitt & Towne** BMT EAST PAPER

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BMT DIVISIONS: Boise, Denver, Fresno, Honolulu, Los Angeles, Phoenix, Portland, Reno, Sacramento, Salt Lake City, San Bernardino, San Diego, San Francisco, San Jose, Seattle, Spokane, Stockton, Tucson.

BMT · EAST DIVISIONS: Saxon Paper Florida, Saxon Paper New England, Saxon Paper New York, Union Paper Company of Michigan.

NPTA TO HOLD PRINTECH WEEK

Being able to understand and help solve a customer's problems is clearly a necessity for those in printing paper sales. Selling paper requires knowledge of printing processes and printer needs. The successful salesperson is *not* an order-taker, he or she is a specialist in the paper that feeds the customer's machines. And it is knowing the customer's equipment, and his print manufacturing processes, that turns a good salesperson into a great one.

Now, the paper distribution industry has its own special training program—Printech, developed by NPTA for printing paper people. It is an intensive week-long, 40 hour institute that will be held November 12-16, 1984 at RIT in Rochester, NY. It will combine seminars, roundtable discussions, luncheon meetings, demonstrations, and hands-on workshops that give salespeople and their managers the needed information on printing technology. Attendance will be limited to 25 participants.

Printing paper people now have an in-depth program on printing technology developed by NPTA and held at Rochester Institute of Technology.

The Paper To Printing Relationship

The relationship of paper to printing is explored in detail during the Printech program providing a broad knowledge of printing and its methods. This includes the principles of good reproduction and the role of pre-press technology. It will also cover all characteristics and paper considerations of lithography (both web and sheetfed offset), flexography, gravure, screen printing and the new non-impact printing technologies.

The properties and characteristics of cut size paper and how these papers work on both non-impact and small presses will be reviewed. The special needs of high volume, electrostatic copiers will also be explored.

Web-offset papers for both heatset and non-heatset printing will be covered. Printech participants will have hands-on experience running coated and un-coated papers through a variety of presses including RIT's MGD Commercial 38 heatset web-offset press. (Those participating will be advised to bring work clothes for this part of Printech week).

Purpose of the Institute

Basic knowledge of presses and their operation aids printing paper people in the marketing of paper. "Participants at the NPTA Institute will *not* return to the office as a trained press operator or trouble shooter," said NPTA vice president communications William H. Frohlich. "The purpose of Printech is clearly to have people who sell paper be more successful at it. And the route to this success is through learning about the customer's equipment, printing concerns and needs. It is really learning how to sell paper *into* the customer's equipment."

RIT Facilities

NPTA selected Rochester Institute of Technology (RIT) because of its excellent facilities and highly qualified staff. "RIT is well respected in the graphic arts community and the staff there is very responsive to the needs of paper merchants," stated Richard W. Abrams, CEO of West Coast Paper Company and chairman of NPTA Printing Paper Division Committee (the group responsible for the creation of the Printech program). "RIT has every type of graphic arts equipment in full operation and it is that key advantage that will give printing paper people the education they need."

Printech Week will be held at the Technical and Education Center, part of the College of Graphic Arts and Photography. Participants will also be introduced to RIT's School of Printing and attend demonstrations in many of its laboratories. The school occupies more than 125,000 square feet of classrooms, libraries, and 25 fully-equipped laboratories. The participants will have access to computerized typesetting systems, process cameras, color scanners, proofing systems, facilities for making plates for all the major printing processes, a modern bindery lab, ink and paper testing labs, and one- and four-color presses for lithography, flexography, gravure, screen printing, and a full web printing operation.

Printech Faculty

The week-long course will be taught by a variety of specialists from RIT's School of Printing, the Technical and Education Center of the Graphic Arts and guest speakers from the industry. Demonstrations and press-runs will be handled by the school's faculty in the College of Graphic Arts and Photography.

Merchants will work closely with the college facility to gain a greater understanding of paper's use in the variety of graphic arts processes. Time will be dedicated to discussion to help participants clarify the knowledge gained.

Program Summary

Inks and Blankets
Basic composition of inks
Ink setting and drying
Trapping, tack, and viscosity
Ink and blanket problems and solutions

Offset Lithographic Platemaking
The platemaking process
Composition and types of plates
Proper plates for different jobs
Cost elements

Reproduction Photography
The camera's role in the offset process
Line and halftone considerations

Color Principles
Understanding color
Subtractive color theory
The halftone process
Three-color reproduction
Paper color and its affect on press variables
Paper brightness, hue, and opacity

The Sheetfed Offset Press
Sheetfed principles and press components
Press controls
How-to press knowledge in selling
Press demonstration
Problems and solutions on sheetfed offset
Examples of superior sheetfed offset printing

The Web Offset Press
Web principles and press components
Press problems and solutions
Pressrun with coated and uncoated papers

Web Offset Paper Panel
What's new in web papers
Grade and weight efficiency
Pitfalls and preventing problems

Paper Selling for Web Heatset and Non-Heatset
Grades for heatset and non-heatset
Examples of superior work
Upgrading non-heatset techniques and paper

The Gravure Process
Basic principles and press components
Cylinder preparation
Gravure inks and drying *Flexographic Printing*
Flexo principles and press components
Overview of flexo plates
Inks and drying

Screen Printing
Screen printing principles and presses
The screen stencil
Inks and drying

Non-Impact Printing
Xerography
IBM 3800
Laser imaging
Ink-jet printing
Paper considerations for non-impact:
  Speed/width/print quality considerations
  Color abilities and limitations

Panel Discussion
Future printing methods
Changes in present printing methods
Where the market is going

Review and Roundtable Discussion

More Information

A detailed brochure is being sent to NPTA members. Because attendance at Printech is limited to 25 participants, registrations will be honored in the order received. Printech Week for printing paper salespeople held at RIT has a registration fee of $850 which includes all necessary workbook materials, all lunches, breaks, and a banquet. Hotel rooms are not included, but a very low corporate rate has been arranged.

Those attending Printech Week will receive a certificate from Rochester Institute of Technology and NPTA showing that they have completed the course of study in printing technology.

SHOULD ADS CONTAIN PICTURES?

Pictures and illustrations **can** *do more than just fill space. According to a recent McGraw-Hill Research Report, advertisements containing illustrations were* **32%** *more effective than ads without graphics in attracting attention,* **5%** *better at alerting readers to something new,* **26%** *better at getting readers to take action,* **22%** *more constructive in generating positive feelings, and* **9%** *in the reinforcement of readers' beliefs about the preferability of a product. For more information, contact Pat Lee, McGraw-Hill Research, 645 N. Michigan Avenue, Chicago, IL 60611.*

. . . OF PERSONNEL MATTERS GREAT AND SMALL

Is **alcoholism** *more prevalent among managers and other professionals or blue collar workers? Statistics show that 45% of all alcoholics are white collar workers compared with 30% for blue collar workers. And, there are just as many women alcoholics as men.*

The **office** *of an employee can tell much about his or her attitude toward the company. Not everyone is neat, but most people feel the office is their home away from home and treat it accordingly. An employee who doesn't personalize his office with certificates on the walls and pictures of the family may be treating the office like a hotel room. He might be just "passing through" your organization.*

Is **acting** *like a parent to a subordinate part of managing? When employees act like children, it is unavoidable. Managers who accept this and act authoritatively can often be more effective. And, they are less likely to be manipulated by their employees.*

WHAT DOES YOUR COMPANY'S BUSINESS TRAVEL COST?

The answer may frighten some and delight others. Runzheimer's **Meal-Lodging Cost Index** *is a survey of 100 locations across the country. No one would be surprised to hear that three meals and a hotel room in Manhattan averages $178 per day. The surprise may be Washington, DC in second place at $149. Atlantic City and Los Angeles were tied for third at $134 with Chicago next at $130 per day.*

For those lucky enough to visit Sioux Falls, SD; Great Falls, MT; or Albany, GA the cost is only about $60 per day—approximately one-third of the cost in New York City.

NPTA's ANNUAL

TRENDS IN PAPER DISTRIBUTION COMPUTERIZATION CONFERENCE

A National Conference on the Impact of Computerization on Paper Merchant Operations and a "Hands-On" Exposition.

Gain Valuable Insights Into:

- Basics of computer literacy
- Structured systems analysis and design
- Financial management and business planning
- Fundamentals of computerized marketing
- Planning and implementing a computerized telemarketing program
- Bar coding and other productivity aids

NOVEMBER 13-15, 1984

ORLANDO, FLORIDA

Sponsored by:

National Paper Trade Association, inc.

THE KEY TO YOUR COMPANY'S SUCCESS LIES WITH ITS ABILITY TO PARTICIPATE IN THE COMPUTER REVOLUTION

NEW SYSTEM TRACKS RECEIVABLES

An innovative new program developed for wholesalers and managed by the nation's leading receivables management and collections firm is available to NPTA members.

Extending credit is a basic function of all wholesaler-distributors. Its importance is under-scored by the fact that accounts receivable comprise 58.1% of the typical printing paper merchant's assets, 46.1% for industrial paper distributors, and 54.8% for dual. Given this high investment, astute receivables management is essential to profitability.

The problem occurs when accounts receivable become past-due delinquent accounts. Cash flow slows down, and current expenses may require borrowing, write-offs increase and profits suffer.

Because effective receivables management is so important, the National Association of Wholesaler-Distributors (in cooperation with NPTA) has developed the Accounts Receivable Management System. The National Revenue Corporation, the recognized leader in receivables management and collections, is managing the program.

Program Features

1. Consultative assistance from a specially trained, NAW-authorized, NRC wholesaler-distributor industry specialist;
2. A full range of collection services based on the specific needs of wholesaler-distributors;
3. Special pricing unavailable to non-members of NPTA;
4. Specialized wholesaler-distributor collection procedures with customized contacts and specially-trained, dedicated NAW Program collectors;
5. Nationwide capability to accelerate cash flow on a local basis — without customer alienation;
6. Immediate cash flow because all payments are made directly to the merchant;
7. Full capability to litigate through a nationwide attorney network;
8. Control of all accounts stays with the merchant at all times;
9. Toll-free hotline to facilitate communications and provide feedback.

Program Benefits

1. *Improved Cash Flow:* Reduce days outstanding and increase cash flow while reducing the need to borrow.
2. *Development of Better Customer Paying Habits:* The NRC staff works closely with customers and educates them. This helps reduce future delinquency problems.
3. *Improved Profitability:* The distributor gains greater control of his assets, thus enabling him to reduce outstanding payables, lower borrowing and possibly expand his business.
4. *Lowered Collection Costs:* This program can provide savings up to 50% over other collection services because it is based on a preventative maintenance concept of early referral.

Building A Stronger Business

As the paper merchant is able to streamline his internal procedures using this new program, his credit department is freed to concentrate more fully on credit evaluation. As a result, credit approvals can be processed more quickly and credit lines can be monitored more carefully. New customers can then be added more efficiently while reducing the number of delinquent accounts.

For More Information

The program, administered by NAW, is available to NPTA members. For more detailed information, contact John J. Buckley, Jr., president of NPTA.

NPTA TO LAUNCH BUSINESS CONDITIONS REPORT

During late May, the membership was surveyed on their interest in a proposed "Quarterly Business Conditions Report." This report would basically be a "mini-PAR" that tracks eight or ten key financial ratios, by region, every three months. *Only* those members filling out the confidential reporting form would receive this free report. Implementation of the program would begin with the fourth quarter of 1984 or first quarter of 1985 when NPTA operations are fully computerized.

Following are the proposed measures to be tracked:

- Year-to-date sales increase
- Warehouse gross margin
- Direct gross margin
- Average warehouse order size
- Total operating expense as % gross profit
- Pre-tax profit as % gross profit
- Inventory turnover
- Turn & earn index
- Receivables turnover
- Days payable

To date, approximately 130 total responses have been received and the reaction to this new service has been overwhelmingly positive. Over 80% of respondents said they'd be in favor of such a report and would participate in the program. The Research Director John La Rosa, NPTA president John J. Buckley, Jr., and the Management Information Committee are now working on program development in conjunction with a Qantel representative who will create the necessary program.

For more information, contact the Research Director at NPTA headquarters. All suggestions will be appreciated.

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See Us At The '84 NPTA Expo—Booth # 225

NPTA WILL ATTRACT 6,000 TO ANNUAL

Paper distributors and their suppliers from every state in the Union and 18 foreign countries will be drawn to Chicago for the NPTA Annual Convention and Exposition. This major industry gathering brings new ideas, methods of doing business, new products and services, marketing techniques and also brings new ways to improve company productivity to merchant distributors.

Convention '84 will help the paper merchant ***Strive for Excellence*** in his business. A company which strives for excellence is one that does not let changing market conditions dictate its marketing activities. It leads, not follows. The excellent company knows what it wants to achieve in the marketplace and creates a plan to accomplish that goal.

Paper distributors will not want to miss this opportunity to improve their businesses: through meeting with suppliers, learning about the latest industry trends and participating in the most important event of the year for the paper distribution industry.

> *New product areas will be represented at major event of the year for paper and allied products distribution.*

Industry Award To Be Given

Who will win the first "Stanley O. Styles Industry Excellence Award"? The board of directors of the National Paper Trade Association received nominations for 15 individuals. When the final selection is made, the name of the winner will *not* be made public until the Chairman's Luncheon at the Convention on Tuesday, September 25, 1984.

The Association has the best kept secret in the industry. Even the names of the nominees have not been released. "We have created a very important industry award," said NPTA chairman of the board Lionel W. Eltis, "and we want to give it the drama it deserves." The winner of the award will be notified prior to the Chariman's Luncheon, but he or she will be sworn to secrecy.

The featured speaker for this event is veteran newsman Douglas Kiker. He has been with NBC News for many years and has covered the American political scene extensively. His views on the upcoming election will be quite enlightening for luncheon attendees.

Convention Program Highlights

The 1984 Annual Convention brings merchants 13 opportunities to attend seminars on 10 different topics. Industrial paper distributors will attend the opening session "New Frontiers in Industrial Paper Distribution" Saturday morning from 9:30 a.m. - 12:00 noon. The timing is perfect—just prior to the opening of the Exposition. The New Frontiers program will feature a presentation on how a company can venture into the janitorial supply business and one on the use of hand-held computer devices for remote order-entry.

The Printing Paper Division will hold a session on the "Future of Electrostatic Printing and its Impact on the Demand for Paper," presented by the leading Xerox authority Paul A. Strassmann. This seminar will focus the cut size paper distributor's attention on the key issues: paper consumption in the office, outlook for the copier industry, computer versus hardcopy storage, new technologies on the way, the laser printing revolution.

Strassmann's presentation will be supported by handout materials and graphics. Learn how the office of the future will use paper and how the demand for cut size paper is changing.

"Building a Winning Management Team" is a session being held by the Young Executives Forum of the National Paper Trade Association, but is open to all. Robert Wlezien, Persuasive Communications Company, Middletown, NJ will discuss team building in the paper distribution company. Management success depends, in part, on the ability to work effectively on someone else's team, plus being able to create new teams and have others work on them. This key session will help industry leaders focus on the dynamics of teams from the manager's perspective.

After that session on Sunday from 10:00 a.m. - 11:30 a.m., the Young Executives Forum (YEF) luncheon will be attended by industry leaders under the age of 40. (Tickets are $45 each.) Roundtable discussions will help young executives continue their focus on management team building. the YEF breakfast on Monday morning 7:30 a.m. - 9:00 a.m. will help young managers further their networking—a very important part of YEF activities. The opportunity to share experiences with others in similar

CONVENTION IN CHICAGO

circumstances in the same industry is a very necessary element in the development of the executive. The cost of the breakfast is included in the Sunday luncheon price.

Personal computers (PCs) are taking American business by storm. "How Paper Merchant Managers Can Use Personal Computers" is the subject of an NPTA Management program on Convention Tuesday. Dr. Roger K. Harvey, president of Value, Inc., will answer the questions posed by most industry managers: How can I really use a PC to improve my business? Do I need a PC if my operation is already fully computerized? How do I evaluate hardware and software available?

Also during Tuesday's Management Program will be "The Promise of Telemarketing." With all the talk among merchants about the potential of this new form of inside sales, Barbara Tyler of the 3M Corporation will help paper distributors focus on the essentials of inside telephone sales. What are the requirements of structuring a successful telemarketing program? Find out Tuesday, September 25, 1984.

Industry management and control is one of the most discussed topics in the paper trade today. NPTA has scheduled the leading authority in wholesale distribution inventory management, Gordon Graham, to address the industry on Convention Sunday. His experience with automated inventory management, control systems and his consulting in the paper industry will provide great insight for paper merchants in attendance.

Special Events At The Convention

In addition to the Chairman's Luncheon, Convention spouses will have three full days of special activities. There are "Personal Image" workshops given by a former cover girl, multimedia shows, tours, luncheons, visits to historic Chicago neighborhoods, and more. (Tickets are required.)

From 7:00 p.m. - 11:00 p.m. on Sunday, September 23, Convention participants may join the industry at the "Festival at the Museum." NPTA is taking over the fabulous Museum of Science and Industry for one very exciting night. This museum is Chicago's most popular place with its train ride down to a working coal mine, "Yesterday's Main street," a fairy castle and other notable attractions. An elegant buffet will be served and there will be a cash bar. (Tickets are $40 per person.)

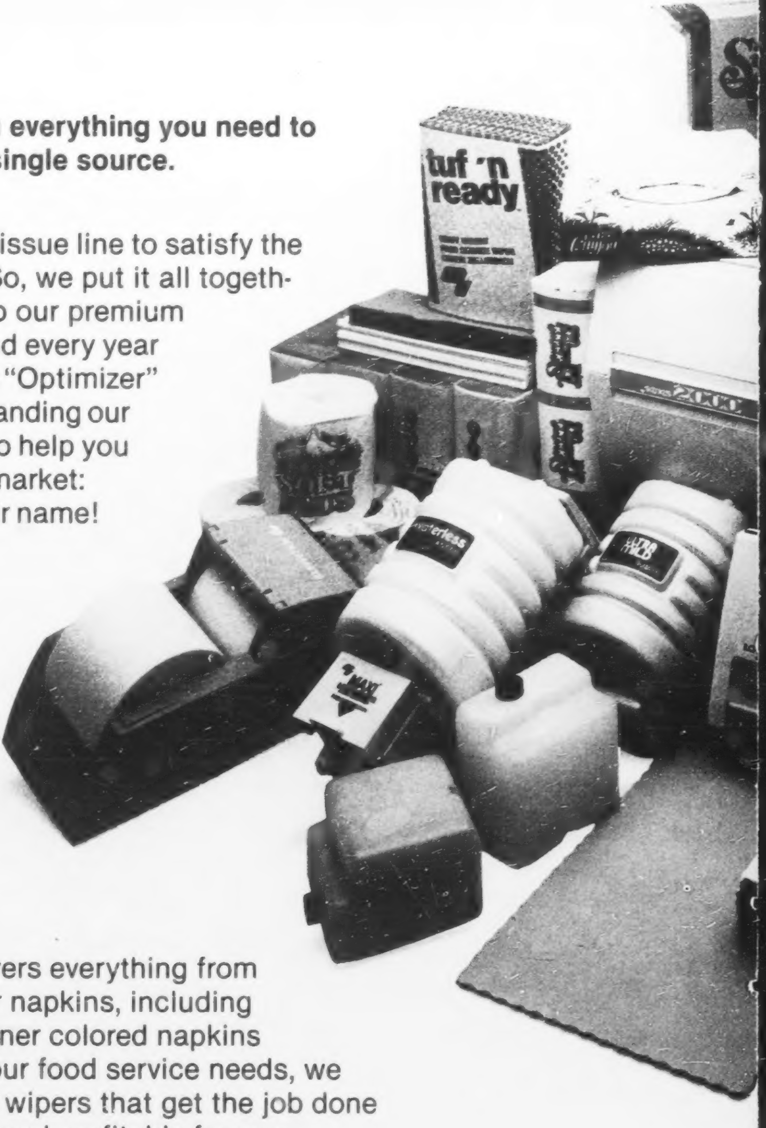
Future Meetings

Dates		Cities	Hotels
1985	Oct. 5-8	New York, New York	New York Hilton, Sheraton Centre
1986	Sept. 13-16	Boston, Massachusetts	Sheraton-Boston, Marriott Copley Place
1987	Sept. 19-22	Atlanta, Georgia	Westin Peachtree Plaza, Atlanta Marriott Marquis
1988	Sept. 17-20	Chicago, Illinois	Hyatt Regency Chicago
1989	Oct. 28-31	Anaheim, California	Anaheim Marriott, Anaheim Hilton
1990	Oct. 6-9	Chicago, Illinois	Hyatt Regency Chicago
1991	Oct. 12-15	New Orleans, Louisiana	Hilton, Sheraton, Marriott

1962
NPTA PAST PRESIDENTS REUNION

Seated (left to right) Albert M. Miller, The Central Ohio Paper Co., 1926-1927; Arnett W. Leslie, The John Leslie Paper Co., 1934-1935; Floyd H. Blackman, Stone & Forsyth Co., 1959-1961; Lester A. Ramaker, The Bouer Paper Co., 1949-1950; Gilbert E. Carpenter, Carpenter Paper Co., 1946-1947; Charles E. Canfield, Canfield Paper Company, Treasurer 1960s; Edouard J. Petrequin, The Petrequin Paper Co., 1957-1958; standing (left to right) F. Bendel Tracy, Fort Hill Paper Co., 1937-1938; Perry W. Lesh, C.P. Lesh Paper Co., 1940-1942; Richard C. Kettles, Jr., Hubbs Corp., 1942-1944; George C. Cobean, J.W Butler Paper Co., 1938-1939; Gardiner Young, Bancroft Paper Co., 1962-1963; Lawrence S. Pollock, Pollock Paper Co., 1950-1951; Leslie M. Murphy, Dillard Paper Co., 1956-1957; Paul M. Jones, Storrs & Bement Co., 1953-1954; Ralph Schnitzer, Sr., Magnolia Paper Co., 1958-1959; Harold L. Zellerbach, Zellerbach Paper Co., 1935-1936; Howard A. Hartinger, The Paper Supply Co., Inc., 1954-1955; William F. Obear, Tobey Fine Papers, Inc., 1961-1962; Glen Leach, Executive Secretary, NPTA.

Crown Zellerbach th
about time someone
together for you...



We've put it all together to give you everything you need to serve your customers—all from a single source.

A Full Sanitary Line
We know you need a full towel and tissue line to satisfy the varied needs of your marketplace. So, we put it all together for you—from kraft singlefolds to our premium Signature multifolds and C-folds, and every year we put more of our line in our unique "Optimizer" poly-wrap packaging. We're also expanding our wiper line with Tuf 'n Ready wipers to help you get more business in this growing market: They're the wipers that live up to their name!

For over a decade, Crown Zellerbach's proprietary towel and tissue systems have set the standard for economy, reliability, and customer satisfaction. And now there's the new Series 2000—the proprietary system of the future that's here today to team up with our proprietary tissue and soap systems.

A Full Food Service Line
Our complete food service line delivers everything from dispenser napkins to elegant dinner napkins, including custom printed and matching designer colored napkins and placemats. And to round out your food service needs, we also have Tuf 'n Ready food service wipers that get the job done economically for your customers...and profitably for you.

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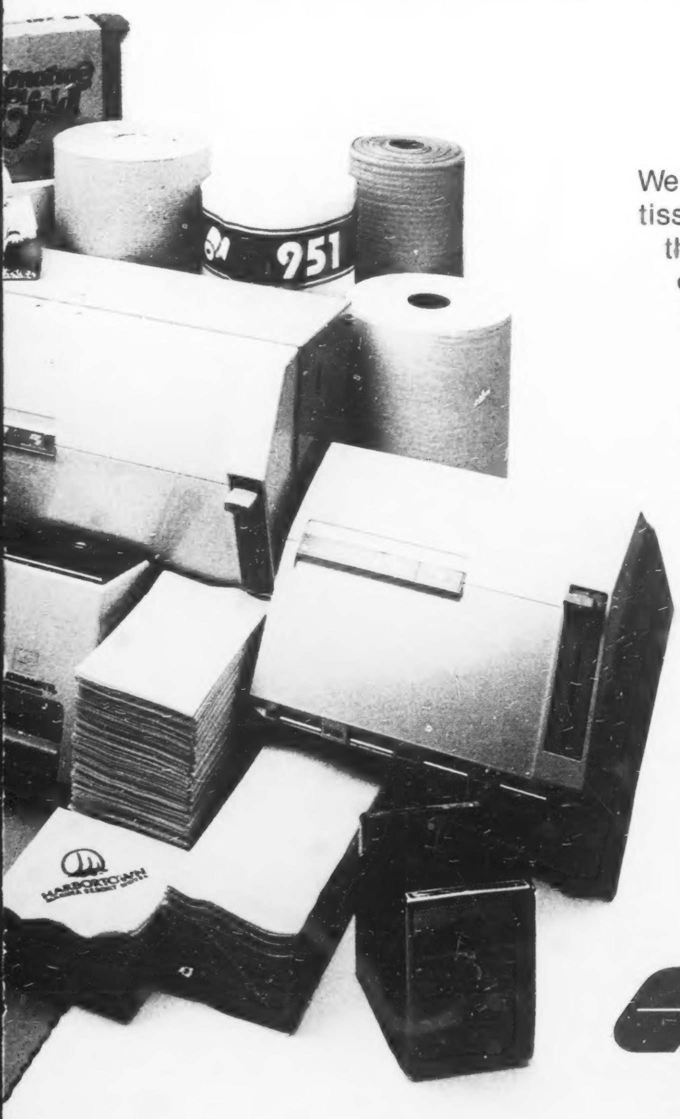
put it all



A Nationwide Distribution Network
We've teamed up our complete line of towels, tissue, and napkins with a distribution network that's truly national in scope. As part of our $300 million expansion program, we began shipping from our Bogalusa, Louisiana facility in August 1984. Bogalusa will become a major production and distribution facility serving distributors in the Midwest and South. Bogalusa is another link towards achieving our goal of giving our customers consolidated orders with the fastest delivery times available.

**It's about time someone put it all together for you.
Now let's put it all to *work* for you.
Look for Crown Zellerbach's booth at the NPTA show in Chicago.
Booth #138 & 139**

CrownZellerbach

***Service Products...
Serving the Nation***

EXPO WILL ATTRACT MAJOR SUPPLIERS

A record number of computer companies will be on-hand at the 1984 Exposition.

There is only one industry forum that attracts suppliers from all important product segments: The Paper/Plastics and Allied Products Exposition. Held September 22-24, 1984 at the Hyatt Regency Chicago Hotel, this event will see most major towel and tissue manufacturers present, as well as over 20 health care disposables suppliers, 40 industrial packaging companies, nearly 50 retail packaging firms and 30 sanitary supply and equipment companies. Of course, there will be nearly all of the major food service companies at the show.

NPTA Welcomes New Exhibitors

"It is always a great pleasure to welcome the new exhibitors to the Paper/Plastics and Allied Products Exposition," said John J. Buckley, Jr., NPTA president. These are companies who have not exhibited in the show before.

In addition to a number of computer hardware and software firms, new firms in retail packaging, food service specialties, truck leasing, dispensing, gift wrap, health care disposables, tagging, lighting, sanitary supplies, plastic packaging systems will be in the 1984 show.

Here is a list: (as of press time)

A&E Plastics, Inc.
Atlantic Mills, Inc.
Catty Corporation
Cyklop Strapping Corporation
Computerworks, Inc.
East Texas Lighthouse for the Blind
Edet Nederland B.V.
Hygrade Lamp Company
Kwik Ticket, Inc.
Laminations Corporation
R.J. Lachman, Inc.
Modular Engineering Corporation
Philip Cup Company
Pioneer Gift Wrap
Ryder Truck Rental, Inc.
Sandusky Plastics, Inc.
Sentinel Foam Products
Shorr Paper Products, Inc.
Sigma Extruding Corporation
Voice Computer Technologies
Wang Labs, Inc.
Winkler/Flexible Products, Inc.

Show Has Computers Too!

In the past three years, manufacturers of computer hardware and software have generated much interest among paper distributors. No longer is it necessary for the merchant to wade into the sea of computerization alone. There are a number of companies that have ready-made vessels the paper distributor can board to speed his journey through order processing, inventory control, accounting and beyond.

Finding the *right* computer system or the *right* software is often not an easy task. Much homework is required; many systems must be reviewed. This has always presented problems for the busy paper merchant who is trying to run his business at the same time as he attempts to get an education in the latest computer technology.

Thankfully, this year the Paper/Plastics and Allied Products Exposition has attracted a record number of hardware and software companies to the floor of the show. Merchants now have the opportunity to review many computers, software packages, and special applications equipment in a short time in one place. Computer companies in attendance will have the manpower on-hand to answer specific questions posed by paper merchants and they will be ready to help guide the merchant through his own uncharted waters.

Packaged Computer Systems

The use of a packaged computer system can make a lot of good business sense for a merchant operation without any prior computer experience. Many systems can be plugged into his business with only minor adjustments.

MDS Qantel, Inc. has a packaged hardware/software system designed for paper distributors. Their QPDS (Qantel Paper Distribution Systems) software was developed by industry experts and handles all necessary paper merchant functions. Qantel has had many successful system installations around the country and the company will have staff on-hand to answer all questions.

Systems such as **Hewlett Packard's SFD/3000** is a complete package created for the paper distribution industry. It is a fully integrated, real-time system that incorporates sales order entry, accounts receivable, inventory management, accounts payable, purchasing and general ledger.

The HP3000 computer hardware completes the system and the entire package can be customized by the merchant. To date, more than 175 systems have been installed around the country.

Wang Laboratories has entered the paper distribution market with its new **Excalibur** system for the large paper merchant operation. It will be premiered at the Paper/Plastics and Allied Products Exposition. The software that drives the system was developed by Structured Computer Systems and representatives will be on-hand to answer any questions.

The hardware used with Excalibur is Wang's VS/100 Supermini Computer. The system will be demonstrated at the Show as well as Wang's "Professional Computer."

Software Solutions

At times, wholesale paper merchants need a software solution that can be integrated into some existing hardware. Or, the distributor wishes to purchase his hardware independently. The **Lockwood Association** has an on-line, interactive computer software package that has been developed for the paper distribution industry: APDS.

The package included a number of desirable features: inventory control, order processing as well as a fully integrated accounting system. The capabilities of the software will be demonstrated at the Show.

Another strong entry in the software market for paper distributors is **Papersoft** by **Computerworks, Inc.** The programming offers order entry, sales analysis, purchasing, inventory management, receivables, and general ledger. Its design can accommodate multi-branch operations as well as individual merchant houses.

The system has an automatic credit checker, can ship back orders automatically and control direct orders.

C.P.I., Inc has developed its **Paper Management Information System** for the industry. It is on-line, interactive yet user friendly programming with complete inquiry compatability at all user levels.

C.P.I. states that this software was developed by industry experts and is designed to handle all order entry and pricing through financials.

Special Applications

Special paper merchant needs require special hardware and software. The Paper/Plastics and Allied Products Exposition has attracted three companies that have unique products. **Scientific Computers, Inc.** has a computerized **Price Book Publishing System** designed for the paper distribution industry. The computer managed data base is used to drive either typesetting units or laser printers. Complete on-site printing, binding and mailing services to publish current and cost-effective price books is available.

Computer Companies At Show

Auto-Graphics, Inc.
Hank Clemente
2720 Des Plaines Avenue
Des Plaines, IL 60018
312-298-3160
Booth Number 355

Computerworks, Inc.
N.J. Parkinson
P.O. Box 70248
Bellevue, WA 98007
206-828-6786
Booth Numbers 374, 409

C.P.I., Inc.
Philip Sturm
Route 34 & Artisan Way
P.O. Box 188
Colts Neck, NJ 07722
201-462-8900
Booth Numbers 122, 123

Hewlett Packard
Paul Sievers
7995 E. Prentice Avenue
Englewood, CO 80111
303-773-1992
Booth Numbers 175, 176

The Lockwood Association, Inc.
David Mayers
P.O. Box 17326
San Antonio, TX 78217
512-824-1439
Booth Numbers 126, 127, 145

MDS Qantel
Judy Turner
4142 Point Eden Way
Hayward, CA 94545
415-887-7777
Booth Numbers 140, 141

Scientific Computers, Inc.
Al Pagalz
10101 Bred Road E.
Minnetonka, MN 55343
612-933-4200
Booth Numbers 407, 408

Voice Computer Technologies Corp.
Wendy C. Oberst
1911 N. Ft. Myers Dr.
Suite 903
Arlington, VA 22209
703-522-5706
Booth Number 316

Wang Laboratories, Inc.
Robert Holland
2 Crossroads of Commerce
Rolling Meadows, IL 60008
312-577-6776
Booth Numbers 329, 330

Auto-Graphics, Inc. has a price books system for fine paper distributors. They will be showing their on-line system for the manufacturing of price books at the 1984 Show. The company will also demonstrate a "mini-system" for maintaining price books on a personal computer.

The latest in technological advances is available from the **Voice Computer Technologies Corporation**. They have developed a new "talking computer," the **VCT 2000**. It just may revolutionize the order taking process. When the VCT system is interfaced with the paper merchant's computer, the Series 2000 accepts and "voice-verifies" orders placed via Touch Tone telephones. This serves to eliminate the need for expensive terminals or hand-held devices.

More Info at the Show

Certainly, there are many new advances that these computer systems have incorporated that are too numerous to describe here. Visiting the Paper/Plastics and Allied Products Exposition is the best way to see the latest in new computers.

Also plan on attending the NPTA "Trends in Paper Distribution Computerization Conference," November 13-15 in Orlando FL.

HOSPITALITY SUITES WILL BE ACTIVE

For those planning to attend the Annual Convention, here is a list of those companies that will be occupying hospitality suites. The list has been prepared as of press time, by tower location. The East Tower at the Hyatt Regency Chicago Hotel is that building which houses registration. Those who are also exhibiting are noted.

East Tower

- *A & E Plastics Inc.
- Affiliated Paper Cos.
- Alumax Foils Inc.
- American Manufacturing Co.
- American Tape Co.
- *Amko Plastics Inc.
- Anchor Continental Inc.
- Appleton Papers Inc.
- Aussedat Rey
- *Auto-Graphics Inc.
- Badger Paper Mills Inc.
- *Bagcraft Corp.
- Bancroft Paper Co.
- Bay West Paper Co.
- *Berwick Industries Inc.
- Central Paper Co.
- *Clear Shield National Inc.
- Climax Mfg. Co.
- *Comet Products Inc.
- Consolidated Cover Co.
- Consolidated Papers Inc.
- Continental Bondware Co.
- *Crown Zellerbach
- Crystal Tissue Co.
- *Dart Container Co.
- Decorated Paper Corp.
- Delta Paper Co.
- Dispoz-O-Plastics Corp.
- Dixie Marathon
- Domtar Industries Inc.
- Eastern Fine Paper Inc.
- Ekco Products Inc.
- Finch Pruyn & Co. Inc.
- Flower City Tissue Mills Co.
- *Fonda Cup & Container Group
- Form Fit Plastics
- *Ft. Howard Paper Co.
- Fortune Plastics
- *Franklin Disposables Inc.
- Fraser Paper Ltd.
- *Genpak Corp.
- P.H. Glatfelter Co.
- G.B. Goldman Paper Co.
- H & H Plastic Mfg. Co.
- Hammermill Papers Group
- *Handi-Kup Company
- Handy Wacks Corp.
- Heritage Bag Co.
- Hilex Poly
- Himolene Sales Co.
- Holland Mfg. Co.
- ICON
- James River Corp-KVP Group
- *Jet/Plastica Industries Inc.
- Jiffy Packaging Co.
- *Kaiser Aluminum
- Kieffer Paper Mills Inc.
- Kimberly Clark Corp.
- Leonard Paper Co.
- Longview Fibre Co.
- Simon Miller Sales Co.
- *3M Company
- Missisquoi Products
- Nashua Corp.
- New York/National Envelope
- *NIF Associates inc.
- The Paper Group Inc.
- Paper Manufacturers Co.
- *Pioneer Gift Wrap
- *Plastics Inc.
- *Polyvinyl Films
- *Portion Packaging Inc.
- *Primepak Co.
- Ris Paper Co.
- Riverside Paper Co.
- *Robbie Manufacturing Co.
- S.B. Schmidt Paper Co.
- Scott Paper Co.
- *Sentinel Foam Products
- Simpson Paper Co.
- *Solo Cup Co.
- Stevens & Thompson Paper Co.
- St. Regis Corp.
- *Sweetheart Cup
- *Tagsons Papers Inc.
- Trinity Paper & Plastics
- *Tuck Tape Inc.
- Walden Mott Corp.
- Webster Packaging Inc.
- George A. Whiting Paper Co.

West Tower

- AGP/GENtech Inc.
- *American Cellophane & Plastic
- American Converting Co.
- American Paper Convention Daily
- Amoco Foam Products
- *Anchor Industries
- Arco Metals
- Blake, Moffitt & Towne
- Boxit Corp.
- Carter Rice
- Century Papers Inc.
- Champion International
- Cincinnati Cordage
- *Continental Extrusion
- Coral Paper Corp.
- *The Crowell Corp.
- Dixon Paper Co.
- Druth Packaging Co.
- *Erving Paper Mills
- Fischer Paper Products Inc.
- Fox River Paper Co.
- *Freeman Paper Co.
- French Paper Co.
- Georgia Pacific
- Gilman Paper Co.
- Hoffmaster Co. Inc.
- *Hospital Specialty Co.
- *Imperial Cup Co.
- Ivex Corp.
- Karolton Envelope
- Leader Cards Inc.
- Ling Products
- Lincoln Pulp & Paper
- Linweave Fine Papers
- Mactac
- *Maryland Plastics Inc.
- Millhiser Inc.
- Mobil Chemical Co.
- Monadnock Paper Mills
- D.F. Munroe Co.
- Nekoosa Papers Inc.
- Niagara Envelope Co.
- *Nyman Mfg. Co.
- *PAK SAK Industries Inc.
- Paper & Pulp Fibers Inc.
- Paper Sales
- Papertech Inc.
- *Peacock Products
- Penntech Papers Inc.
- Pope & Talbot Inc.
- Potlatch Corp.
- Potsdam Paper Corp.
- *Royal Paper Products Inc.
- Scientific Computers Inc.
- Sealed Air Corp.
- Shamrock Gift Wrap
- *Shuford Mills Inc.
- Sorg Paper Co.
- Star Forms Inc.
- Stone Container Bag Div.
- Sunbelt Plastics
- Tape Inc.
- Thilmany Pulp & Paper Co.
- United Paper Inc.
- Webster Industries
- Western Paper
- Byron Weston Co.
- Williamhouse Sales Corp.
- Wisconsin Tissue Mills

Other

- Brown Bridge Co.
- Brown Paper Goods Co.
- Gilbert Paper Co.
- Midtec Sales Corp.
- National Paper Co.
- Perkins-Goodwin Co.
- Winkler/Flexible

** Also Exhibiting*

Get The Lion's Share of Sales

Leadership in Packaging
Amko Plastics Inc.

See Us In Chicago

Booths 351 & 352, N.P.T.A. Paper-Plastics Exposition

Visit with us in Chicago, and we'll show you how Amko helps you get the lion's share of sales . . .

- new matte film in 13 standard colors.
- broadest product line of specialty plastic bags for retail, promotional and healthcare applications.
- ***insertabag***® advertising/profit-generating opportunities.
- graphic and printing excellence, including six-color and process printing, matte inks, design services.
- Superfilm-80® Linear Polyethylene, the first and best linear polyethylene.

Amko Plastics Inc.

12025 Tricon Road • Cincinnati, OH 45246 • (800) 543-7030; in Ohio, (800) 582-AMKO

Booths 351-352/N.P.T.A. Paper-Plastics Exposition/Hyatt Regency Chicago/Sept. 22-24, 1984

PAPER DISTRIBUTION CHAIR CREATED

The paper industry now has a true partnership with a major University: The Endowed Trust Fund for Eminent Scholars at the University of North Florida.

In a bold step toward ensuring the future of the paper and plastics distribution industry, the Paper And Plastics Education Research (PAPER) Foundation has created an Endowed Chair at the University of North Florida (UNF). The $1 million endowment will maintain the research position at the university in perpetuity. Fund raising has begun.

"An ongoing research program at a major university to study industry trends is indeed momentous," reports NPTA Chairman of the Board Lionel W. Eltis. "This is the most important long term project ever undertaken by the NPTA." The Endowed Trust Fund for Eminent Scholars (as it is officially called) was created July 1, 1984 by the PAPER Foundation.

"All research projects done at the University of North Florida will have a direct impact on the paper distribution industry," stated John J. Buckley, Jr., President of NPTA. "This is industry specific, original research. We are creating a review board consisting of merchants and mill executives who will oversee project selection and management, but the two most important criteria for deciding what to study are relevance to industry needs and long term industry impact," he said.

Special Topics

There are many potential subjects to be studied in the management, marketing, finance, economic and physical distribution areas of paper distribution. Experts in these fields will be invited to apply their specific knowledge to this industry.

A list of potential projects include:

- A study to determine the most modern and efficient warehousing techniques that can be used in paper distribution.
- A study to determine whether a paper merchant should build a branch location or not.
- A series of studies to determine various product growth potentials from the paper merchant point of view.
- A study to develop economic forecasting models to predict changes in market conditions as it relates to paper wholesalers.
- A study to determine the best way to motivate and direct fully commissioned sales forces.

Organization of the Program

A well respected university professor will be invited to the UNF to conduct research on a special project basis. The scholar will then work to accomplish the research and develop ways to share his findings with industry, including conferences, workshops and special reports.

Once the project is completed, the professor will return to his original university. This ensures a constant stream of motivated, enthusiastic project-oriented researchers.

Funding - More Support is Needed

To date, nearly $600,000 has been raised toward the $1 million goal. The PAPER Foundation is seeking the support of the entire industry to endow this chair. Paper merchants have been asked to make a contribution payable over a three-year period. "Merchant contributions have been strong from certain quarters, but we are hoping to gain a broader base of support to truly make this research program an industry-wide effort," said Walter L. Moore of Unijax, Inc., chairman of the fund raising committee. "We need pledges from many more merchants if we are to be successful in establishing this broad base. After another $150,000 has been raised from paper merchants, the solicitation of industry suppliers will begin."

By endowing this research effort, the industry will receive several benefits. A permanent organization to study the impact of ongoing industry trends will be established. A group of specialists and experts in paper distribution is being developed, and will be available to work with individual firms. In addition, when an eminent scholar returns to his classroom, he will be a subtle, but powerful recruiting tool, who can discuss the paper distribution industry knowledgeably with his students.

All these benefits will accrue forever, for a pledge today. It makes sense.

Fund Raising Committee for the PAPER Foundation Endowed Chair

Walter L. Moore, *Chairman*
Fund Raising Committee
President and CEO
Unijax, Inc.
Jacksonville, Florida

Richard W. Abrams, *Chief Executive Officer*
West Coast Paper Company
Seattle, Washington

John J. Buckley, Jr. *President*
National Paper Trade Association, inc.
Great Neck, New York

John F. Church, Jr., *President and Treasurer*
The Cincinnati Cordage and Paper Company
Cincinnati, Ohio

Prentiss H. Cole, *President*
Fargo Paper Company
Fargo, North Dakota

Lionel W. Eltis, *Chairman of the Board*
Consolidated Marketing, Inc.
Shreveport, Louisiana

Hamel F. Hartinger, *Chairman*
Anchor Paper Company
Saint Paul, Minnesota

Frederick J. Stabbert, *Senior Vice President*
Crown Zellerbach Distribution Group
San Francisco, California

YOUNG EXECUTIVES ESTABLISH MID-YEAR CONFERENCE

by Michael Olthoff

One of the projects of the Young Executives Forum has been the creation of a Mid-Year Executive Conference. We have felt that a weekend-type conference was needed when young executives could meet for a few days and discuss topics of common interest. More time is necessary than what is usually available at the annual NPTA Convention. The YEF Mid-Year Executive Conference will give us an opportunity to expand on ideas and discussions and have germaine educational programming for the group.

The Conference will:

- Be an opportunity for young executives to meet with their peers
- Provide thought provoking seminars
- Give executives and their spouses a chance to interact
- Give the young executive a chance to reflect on "Where is my business and our industry going?" and "How am I contributing to reach our mutual goals?"
- Provide insight to how different corporations solve the problems of the paper distribution business

Business is more than day-to-day challenges. We need to be able to discuss future concerns. The networking of ideas leads to improved planning and management. The focus of the conference will be on market analysis and how to understand and work well with upper management. We also will take a close look at managing stress in the family business.

A person that has his or her batteries recharged and is looking foward to the challenges of tomorrow is a higher profit contributor to his company.

The Conference will be held March 21-24 at the beautiful Innsbrook Resort in Tarpon Springs, Florida. This opportunity to meet and discuss current business trends, a chance to interact with our peers, and for our spouses to better relate to our business is not to be missed. Mark your calendar today!

> *The networking of ideas leads to improved planning and management.*

The agenda has been developed to provide ample time for both participation in workshops and social and leisure activities.

Thursday, March 21, 1985
Arrival
8:00 p.m. - Reception

Friday, March 22, 1985
8:00 a.m. - Group breakfast
9:00 a.m. - **Education Session I**
Market analysis implementation
12:00 noon- Lunch (on your own)
1:30 p.m. - Sports afternoon
golf/tennis/volleyball/swimming
7:00 p.m. - Reception
8:00 p.m. - Dinner

Saturday, March 23, 1985
8:00 a.m. - Group breakfast
9:00 a.m. - **Education Session II**
Managing stress in a family business
12:00 noon - Lunch (on your own)
1:30 p.m. - Sports afternoon
golf/tennis/volleyball/swimming
7:00 p.m. - Reception
8:00 p.m. - Dinner

Sunday, March 4, 1985
8:00 a.m. - Breakfast (on your own)
9:00 a.m. - **Education Session III**
How to manage your boss
10:30 a.m. - Departure

Brief Case

for hiring Manufacturers' Representatives:

No Overhead. Reps sell for you without increasing sales cost, because they work only on a fixed percentage of sales. No perks, no fringes, no bonuses.

Home-Based. Reps offer continuity in their home territory. Since they are independent business men, they are not subject to transfer and their image is established. No introductory breaking in necessary.

Broad perspective. Because they represent several products rather than a single line, reps have a broad overview of the marketplace. They know how to penetrate it deeply to sell more of your product.

Sales office extender. Reps may be used in addition to your own sales force. They can cover profitably marginal areas too lean to support a factory or company salesperson.

For more reasons why you should hire Manufacturers' Reps, write or call.

MRA

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DIMENSIONS IN TRAINING

MANAGEMENT DEVELOPMENT

A paper merchant's ultimate competitive business weapon is his people. His biggest challenge is to utilize human resources effectively to ensure a profitable tomorrow. The sales or training manager, therefore, plays a pivotal role in the future success of the company. Supervisory and management development are essential keys to achieving this success.

All management would agree on one point - there are large reservoirs of potential upon which management can draw to improve performance and increase productivity. Some training experts have said that the average employee is underutilized up to 90 percent of his/her potential.

A sound investment in supervisory training at all levels enables an organization to tap this reservoir and provide the employees with an opportunity to achieve a new level of performance.

The key: to identify and effect those changes in employee performance that would favorably affect overall organizational performance.

The result: increased revenue, decreased cost, increased certainty of payback (both from new business plans and from the training itself).

To guarantee the basis for a sound supervisory and management training program, the following criteria must be established:

- Ensure that a deficit in knowledge and skills is the real problem—many times the solution to the problem is other than training.
- Focus on specific applications—emphasis should be placed on specific results that are related to operational goals or problems.
- Ensure that training is relevant and effective—the focus should be on specific skills needed to accomplish tasks. The "how to" approach is essential if participants are to apply what they have learned.
- Integrate training into the organization—to effect change, training must be supported and reinforced by the organization's policy, line management attitudes and operating environment. The value of training lies not only with program content, but with how it is applied on the job. Reinforcement must emanate from inside the organization: management support and encouragement is essential; performance appraisals and reward systems must endorse the desired behavior.

Short and Long Term Goals

One of the major problems facing the paper merchant today is successfully balancing short and long term goals; for example, the CEO wants to show a short term profit but needs to make a long term investment for growth. Sales and training managers deal with the same dilemma—how to provide the company with a future-oriented curriculum as well as training that solves immediate problems.

At the heart of the dilemma is the realization that short-term objectives must be accomplished first in order to *earn* the opportunity to head for long-term goals. "Profit and performance" is the name of the game. The company must be profitable first in order to invest in people and the future.

Short-term training objectives are those which get immediate results, can be attained in less than a year, deal with operational needs, and have a tangible payback. Long-term training objectives are those which have a planning period of three to five years, require developmental training programs, prepare the company for the future, and are essentially strategic in nature. It's often easier to apply training to short-term goals. Long-term objectives may prove more difficult to carry through as a company's long-term strategies frequently change.

The Issue of In-house Training

The Education and Training Department has found that company management has begun to rely more and more on their sales and training managers to conduct skill development programs in-house. To utilize the talents of their own people, CEO's can save substantial amounts of money and time.

In-house training programs fall into three general categories:

- Original programs
- Packaged programs
- Modified existing programs

Original programs have the obvious advantage of being tailored to the needs of the organization and the sales trainees. However, for a comparatively small sales force, these can be quite costly. In terms of staff time and financial investment, original programming can be very expensive.

Packaged programs can be comparatively inexpensive unless the organization is so large that the total expenditure would more than pay for an original program. Due to their proven effectiveness, packaged programs can be of great value if they fit the organization's needs.

The modified package is a compromise between original and packaged programs. Such programs usually carry a conceptual theme with universal application, but have participation sessions built around cases tailored to fit the sales organization's needs. This "marriage" can result in a professional course at cost and yet is tailored in the important essentials of the firm.

NPTA Provides the Tools

In-house training is the most cost-effective means to train employees, especially when compared with the cost of outside training. It allows a merchant to rely on his own resources while training a large number of people from various levels of a distributorship. The question of the best training method was answered by a recent NPTA survey that revealed ½" VHS video packaged programs to be the most effective and widely used media for in-house training today.

The results of this survey caused NPTA to publish the *Paper Merchant's Audio Visual Training Catalog*. This resource provides a wide variety of video training programs that a merchant can integrate into his in-house training program. The following topics are addressed in the catalog: **Business Management**—financial, computer and warehouse management, materials handling, safety, loss prevention and inventory control; **Human Resource Development**—personnel policies, supervisory and management training; **Sales Management**—direct selling skills, telemarketing, coaching; **Product Knowledge**—graphic arts, cleaning and sanitation, paper product services, office products, wholesale distribution.

Paper Merchant's Audio-Visual Training Catalog lists numerous video programs for supervisory and managerial training.* Among those that are most popularly received are:

The Supervisor's Job

Description: Discussed is the role of supervisors and their responsibilities in the field of human relations.
Time: 15 minutes.
Suggested Audience: Managers and Supervisors.

Interpreting Policies

Description: Effective supervisors must be knowledgeable about their company's policies and have the ability to supply, interpret and explain them, when needed, to the employee's satisfaction.
Time: 15 minutes.
Suggested Audience: Managers and Supervisors.

Induction and Job Instruction

Description: It is a part of the supervisor's job to put new employees at ease and to help them adjust to the company and their individual jobs. This program delves into these issues.
Time: 15 minutes.
Suggested Audience: Managers and Supervisors.

Transfer, Promotion and Training for Responsibility

Description: Supervisors must maintain records of all their employees, along with a merit-rating plan, to be successful in promoting the right person. Transfers should be made both for the convenience of the employee and the company. Training programs should be ongoing to prepare employees for jobs with greater responsibility, to help them develop their talents, and to be ready for future opportunities.
Time: 15 minutes.
Suggested Audience: Managers and Supervisors.

The Peter Principle: Why Things Always Go Wrong

Description: Dr. Laurence Peter, author of *The Peter Principle*, shows us why things go wrong with people in work situations.
Objectives of the video program:

- To stimulate discussion about organizational hierarchies.
- To help managers be aware of the problems involved in the reward promotion system
- To help managers develop self-awareness through thinking about their own competencies (or incompetencies)
- To help managers recognize the value of job training and proper personnel selection as antidotes to the Peter Principle.

Time: 31 minutes.
Suggested Audience: Managers and Supervisors.

Alternative to Discharge: A Case Study

Description: Is discharge the most profitable way to deal with a problem employee? This film dramatizes an actual conflict between an employee and a foreman. A crisis is reached when the company must decide whether the worker should be retained or discharged. The cost of discharge - and some of the alternatives to it - are evaluated. This film will increase every manager's awareness of the value of any employee as a company asset.
Objectives of the video program: To introduce the concept of establishing proper cause, when discharging an employee; to introduce the concept of qualified decision-making; to introduce the concept of the employee as a human resource.
Time: 13 minutes.
Suggested Audience: Those involved in managing the Personnel function.

How to Fail in Managing Without Really Trying

Description: This well-known lecture by Dr. Harold Koontz, leading management consultant, lecturer, educator, and author, pinpoints twenty ways managers may fail in their managerial functions without really trying. The film also identifies thirteen key failures in the art of delegation. It is an invaluable aid for management development and will help the audience become aware of what the practice of management is all about.
Objectives of the video program: To stimulate discussion among managers and potential managers based on the views expressed by a respected authority concerning management theory and practice. The discussion should help bring out any misunderstandings the participants may have regarding the functions which make up their managerial role.
Time: 32 minutes.
Suggested Audience: Managers and Supervisors.

Job Enrichment: Managerial Milestones or Myth?

Description: The film deals with the important issue of job design and more particularly, job enrichment as a technique of job design. It defines job enrichment, compares and contrasts it with job enlargement, and evaluates the impact of job enrichment on organizational performance and employee satisfaction and motivation. The conclusion is that job enrichment does not always work well. Only when job enrichment "fits," or is contingent upon, (1) the nature of the technology it is being applied to, and, (2) the nature of the person working on that technology will it lead to high organizational performance and to high worker motivation. This is "the contingency approach to job enrichment."
Objectives of the video program:

- To define job enrichment as a technique of job design
- To define and distinguish between job enrichment and job enlargement
- To indicate the impact of job enrichment on employee motivation

Time: 14 minutes.
Suggested Audience: Managers, Supervisors, Sales.

Managing Motivation

Description: Managing Motivation can help your employees achieve a higher level of productivity. The film defines and illustrates three factors important to motivation: providing desirable rewards, creating expectations of success, and maintaining open communication.

Through understanding and implementing these three factors, managers can help motivate their employees and help achieve increased productivity.
Time: 11 minutes.
Suggested Audience: Managers, Supervisors, Sales.

Managing Conflict: How to Make Conflict Work for You

Description: How do your people handle conflict? This video identifies and illustrates several strategies for dealing with conflict. It analyzes these strategies in terms of their advantages and disadvantages. Your people can learn to select and apply the most appropriate strategy for any conflict situation.

Objectives of the video program:

- To introduce the concept that conflict, when managed properly, can be productive
- To identify and illustrate some basic strategies for dealing with conflict
- To analyze some of the advantages and disadvantages of each strategy
- To help the participants recognize the strategy they use most often to handle conflict.

Time: 15 minutes.

Suggested Audience: Managers, Supervisors, Sales, All Employees.

Employee Inaccuracy Elimination

Description: Shows how to reduce losses to an organization by motivating personnel to perform their work tasks with proper discipline and diligence so that errors and omissions do not occur. Emphasized importance on encouraging employees to do their jobs properly.

Time: 20 minutes.

Suggested Audience: Managers, Supervisory Personnel.

Case Studies in Communications

Description: Effective communication skills are crucial to managers, supervisors, or anyone who deals with people. This film presents two dramatized case histories illustrating the major barriers to effective communication: (1) the way we see ourselves (our self-image); (2) the way we see others (perceptual screen). It demonstrates some of the ways in which our assumptions distort our perception of people and situations, resulting in a breakdown of communication. This film will help its audience become more aware of the need for feedback and active listening in order to avoid potential blocks to communication.

Objectives of the video program:

- Helps make people aware of the major problems in communicating effectively
- Shows people how they themselves, by what they bring to the interpersonal setting, influence communication
- Promotes group discussion on some of the common problems of communication (self-image, perceptual screens, etc.) and on active listening as a facilitator of effective communication.

Time: 18 minutes.

Suggested Audience: Managers, Supervisors, All Employees.

Non-Verbal Communication

Description: Non-verbal language may tell us what people think before they say a single word - if we are aware of it. The video will help your audiences become more aware of the non-verbal messages others send and more conscious of their own. The program presents an easy and simple way to put non-verbal communication to work. Your audience will be able to communicate more effectively after seeing this film.

Objectives of the video program:

- To recognize that non-verbal messages reveal our attitudes and feelings
- To recognize that about 8% of our feelings are conveyed by words, 37% by vocal intonations, 55% by body language
- To list the three questions we can ask that will improve our understanding of non-verbal communication
- To become more aware of the non-verbal messages of others
- To become more conscious of our own body language.

Time: 17 minutes.

Suggested Audience: Managers, Supervisors, All Employees.

EVENTS

SEPTEMBER

4-12. *IPEX '84 International Printing Machinery and Allied Trades Exhibition.*

6. *Profit Improvement Day, Columbus Marriott North Inn, Columbus, OH. Contact NPTA.*

14-18. *Tokyo Pack '84 Harumi, Tokyo, Japan.*

20-21. *Reprographics '84, Trade Show, O'Hare Expo Center, Chicago, IL.*

20-26. *Process Pack '84, Fujian, China.*

22-25. *NPTA's Annual Convention and Paper Plastics & Allied Products Exposition, Hyatt Regency Chicago Hotel, Chicago, IL. Contact NPTA.*

24-26. *Spectrum '84, Graphic Communications Association PIA, Arizona Biltmore, Phoenix, AZ.*

OCTOBER

11. *Compensating Your Marketing Personnel, Hyatt Regency O'Hare, Chicago, IL. Contact NPTA.*

11-13. *ISSA Annual Convention and Show, Los Angeles, CA.*

14-15. *Correxpo '84, Atlanta, GA.*

14-17. *Graph Expo East, Printing Exhibition, sponsored by NAPL, PIA, NPES. New York Coliseum, New York City, NY.*

14-17. *Tag and Label Manufacturers Institute fall general membership meeting, Hyatt and Hilton Head, SC.*

21-27. *National Forest Products Week.*

25. *Telemarketing The Key To Maximizing Your Sales Efforts, Marriott St. Louis, St. Louis, MO. Contact NPTA.*

29-11/2. *Pack Expo '84, McCormick Place, Chicago, IL.*

SALES COMPENSATION: WHAT ABOUT

If you want to create excitement among a gathering of paper merchants, quietly mention sales compensation, and stand back . . . way back.

> "You've got to be kidding!" (The opening salvo is fired.) "Our business wouldn't be where it is today without our straight commission incentive program. Paying a percent of gross margin dollars is the only way to go. Besides, *everyone* pays commission on GM dollars."
>
> "Come on! There's got to be a better approach." (The second shot goes off.) "Look, we need to lower our costs. I don't like paying big bucks to ordertakers. I'm embarrassed. Do you have any idea how many of my sales people make over $100K a year?"
>
> "Wait a minute . . ." (The third round discharges.) "You people don't understand the metro market. If I even come close to touching the commission program, 40% of my business will walk down the street right behind my best sales producers."

And, so it goes. Maybe you have been a participant in one of these discussions. You know the issues. In fact, you probably can argue all sides, and do it convincingly. Regardless of your point of view, you know emotions run deep on this subject. Take comfort, your basic instincts are right. It's an important issue: the design of the sales incentive plan is critical to the success of any paper merchant operation.

Most paper merchants steadfastly support the prevailing approach to sales representative compensation. The advantages to a full commission plan are obvious. By paying a fixed percent of every gross margin (GM) dollar, the paycheck of the sales representative is tied directly to the house's success. And, as an extra bonus, the sales force requires little supervision. The commission plan spells out appropriate sales representative activities: sell what you can, to whom you can, at the highest gross margin dollars.

Additional reasons why many companies like paying a straight commission as a percent of gross margin dollars are that it is simple, straightforward, and easy to administer. As a final, confirming tribute to full commission plans, many paper merchants can point to their sales incentive plan as one of the principle reasons for their company's success.

Why fuss with such a good thing?

Good question!

Modified Commission Plans

Most straight commission plans have been modified to improve volume and profitability.

A modified commission plan features one or more of the following adjustments to the commission formula:

- **Loads.** Loads are the most popular method to adjust commission rates. To improve the economic reality of different types of orders, loads of varying percents are charged against the cost basis on warehouse, direct, and indirect orders.
- **Minimum GM Dollars.** To control small orders, a minimum gross margin dollar per order is often established.
- **Minimum GM Percent.** As with minimum GM dollars, a minimum GM percent is used to ensure that low profit orders below a certain level are not pursued.
- **Service Charges.** Sometimes called document charges, service charges help offset the fixed costs of filling an order. They are usually expressed as a GM dollar per order.
- **Others.** The list goes on to include things such as freight charges, return charges, receivable debits and commission loss due to bad debt.

Over the last ten years, as commission dollars have grown with the rise in the price of products, paper merchants have used the above techniques to capture costs, and to reduce what some believe are excessive commission dollars.

Commission plans that use loads and minimums are proving effective . . . but only up to a point.

An interesting phenomenon normally accompanies the growth of a paper merchant. As the organization gets bigger, return on investment decreases. There are many reasons for this, several have to do with the economics of running a more complex organization. However, some of the loss of profitability may also be caused by the commission plan.

The single most significant problem with modified commission plans is that they are *almost* insensitive to real profit objectives. Here, we are talking about return on investment (ROI).

The simple truth is that while each margin dollar *is* of equal value to the sales representative, each GM dollar is *not* of equal value to the house. If a rep captures $100 gross margin dollars on a small or large order, it makes no difference to the rep. If a rep captures $100 gross trading dollars on a low or high gross margin percent order, again, it's all the same to the rep. Remember, their *by David Cichelli*

VARIABLE COMMISSIONS?

commission is a fixed percent of the gross margin dollars.

But for the merchant's ROI, larger orders at high GM percents are better than smaller orders at lower GM percent. While sales representatives know that getting a large order at a higher GM percent is best, in some instances they are willing to accept a lower GM percent (lower price) in exchange for higher volume, or to simply get the order. Who suffers? The house. While GM dollars and volume may be growing, the return on investment is dropping due to low GM percent on all orders.

Clearly, this situation causes a dilemma: Viewed within the context of ROI, the objectives of the house are not being met by modified commission plans.

Variable Commission Plans

Some paper merchants are now trying to overcome the problems associated with modified commission plans. One promising solution is the use of a variable commission schedule. The concept is simple. The higher the GM percent, the higher the commission rate. What's good for the representative is now good for the house from an ROI perspective. To further improve the relationship with ROI, a second refinement is to vary the commission rate with the order size. The result is a commission matrix.

A commission matrix helps curtail sales rep-induced price erosion and it also encourages larger orders. The message to the sales representatives is specific: sell more, sell at higher GM percent, and sell large orders. Coupled with a minimum GM dollar per order size and a minimum GM percent per order, a commission matrix can drive performance that improves ROI.

But the commission matrix also introduces some practical problems:

- Will important, low margin business, such as cut size, be jeopardized?
- Can the computer system handle the matrix?
- How should back orders and credit memos be handled?
- By discouraging low margin business, will good mill relationships be tested?
- Will the sales representatives understand the new program?
- Will customer relations be hurt by discouraging small orders?

Any paper merchant examining the use of a commission matrix has these and many more issues to address. Nonetheless, some houses find the benefit of a variable commission plan so attractive that resolving the complex issues associated with such an approach is worth the time and effort. Certainly, these firms believe a variable commission schedule is an improvement over flat percent commission arrangements.

Future Trends

In time, full commission plans may become a thing of the past for some houses. Why? Because the principles on which full commission plans are built may no longer prove valid. Some of these principles include:

- The primary relationship with the customer is sales representative dependent.
- Products are commodities; the buy decision is determined by price.
- The house provides little or no value-added services.
- The primary source of management is the sales compensation program.
- The sales representative determines selling price, product mix, and market penetration.

In the meantime, the more sophisticated houses are gaining expertise in a number of areas:

- Inventory control
- Customer service
- Computer support
- Mill relationships
- Purchasing
- Customer training

Also, these same sophisticated houses are looking into new sales channels such as telemarketing, catalogs, resellers, and retail stores. They also show growing interest in product promotion and market segmentation.

Taken together, the house's growing skills and objectives immediately confront the current, narrow role of the outside sales representative. Sure, a commission incentive plan may be appropriate for the old model of the sales representative, but it may not fit into the new environment.

Some houses will find that full commission plans limit sales behavior to such an extent that some other means of rewarding more complex sales performance is required. The new pay alternatives are vaired: salary plus commission, salary plus bonus, salary only; and with inside people—team commissions and team bonuses.

Once the role of the sales representative is more clearly defined, the appropriate method for rewarding sales performance becomes much more obvious. If this proves true, alternatives to full commission plans will be needed. Which of these new alternatives will work best remains to be seen.

PHYSICAL DISTRIBUTION

WAREHOUSING PRODUCTIVITY

> *The greatest expectation for future warehouse productivity improvements can be found among companies that have already achieved some gains in warehouse efficiency.*

There is little question that the world of physical distribution and transportation is in the process of radical change. The rules of the game have been altered by technological and electronic breakthrough, legislative rulings, and new customer needs. Effective managers will be able to gain competitive advantages for their companies if they can develop and implement well conceived strategic plans.

With this in mind, NPTA will periodically report on trends, developments and research results in the areas of physical distribution and transportation. Historically these areas have been overlooked by paper merchants because of nothing new in the areas and preoccupation with the selling and merchandising aspects of the business.

These attitudes have obscured a few important facts. A paper merchant manager has more control over what goes on within his four walls than he has over what goes on in the street. More profit improvement can come from mounting storage and handling campaigns, than exciting the sales force to increase profit margins.

Another fact is the improvements in physical distribution efficiencies that can be seen in other wholesale distribution commodity lines, noticeably food, grocery and drugs. There must be something that paper distributors can learn from them, and others.

PAR Analysis

How important should this subject be to paper merchants? The result of the 1984 Performance Analysis Report (PAR) gives some insight.

Storage Expense
(as % of warehouse and indirect gross profit)

Printing	6.8
Industrial	6.5
Dual	7.9

Handling Expense
(as % of warehouse and indirect gross profit)

Printing	12.0
Industrial	8.7
Dual	10.7

Delivery Expense
(as % of warehouse and indirect gross profit)

Printing	12.2
Industrial	14.6
Dual	12.5

When these three expense items are added together, the total comes to about 30% of gross profit—a very significant number.

Improvement Opportunities

The question is, where does the paper distribution industry begin, and how much improvement can be achieved. A study conducted in 1982, and repeated in 1983 by A.T. Kearney Inc., for the National Council of Physical Distribution Management (of which NPTA is a member), gives some answers.

In 1978, the study respondents projected a potential for productivity improvement in warehousing of 9%. The 1983 study found that those companies who put programs in place achieved a 12.1% productivity improvement. When they were asked about future warehouse productivity improvement, they expected an additional 12.1% gain.

The study findings show that success breeds success. The most dramatic expectations are among those companies that have already improved by 20% or more. They see a 15.8% further opportunity.

How to begin? A senior vice president of a food products distributor gives paper merchants a good perspective. "Win early! Identify major, quick payback opportunities early. Act on them and get quick visable returns. Subtly publicize your results and achievements both vertically and laterally. Make sure the achievement of the logistic contribution (the people in your organization) are recognized in financial and non-financial ways. Develop credibility for the function."

Editor's Note: *MN* will report on the subject in the future. Paper distribution companies that have model physical distribution programs or have achieved siginficant improvements in warehousing efficiency should contact NPTA. By reporting or such operations, it is hoped that the industry will gain insight into how to improve its physical distribution practices.

JULY, 1984

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day July 1984 - Compared To - July 1983	Sales Per Selling Day July 1984 - Compared To - June 1984	Sales Per Selling Day 1984 Year-to-Date - Compared To - 1983 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of July 1983	1984	Calendar Days' Cost* of Ending June Inventory 1983	1984
INDUSTRIAL							
1	+ 9.0	-12.2	+ 5.4	40	44	53	47
2	+15.8	- 6.0	+12.0	34	35	61	47
3	+12.6	- 0.3	+17.9	34	37	63	58
4	+12.7	- 1.4	+16.1	34	37	53	54
5	+ 4.9	- 4.7	+ 7.3	32	35	59	59
6	+ 6.7	+ 5.7	+11.0	35	41	--	--
7	+ 4.0	- 5.2	- 1.2	35	38	60	48
NY Metro	+11.8	-13.4	+ 6.4	42	45	--	--
Chicago Metro	+11.8	- 7.2	+11.2	37	36	65	--
LA Metro	+11.9	- 3.1	+ 3.8	47	50	--	56
US	**+10.3**	**- 2.5**	**+10.3**	**36**	**39**	**58**	**53**
PRINTING							
1	+32.9	- 4.2	+23.4	50	49	55	--
2	+24.3	- 5.4	+25.3	44	46	62	59
3	+27.4	+ 2.8	+31.5	43	42	84	82
4	+28.8	- 6.8	+27.7	43	41	73	74
5	+ 8.7	- 17.3	+24.5	42	45	--	--
6	+56.4	+27.3	+21.6	41	41	--	--
7	+24.0	+ 1.7	+17.7	44	42	79	85
NY Metro	+35.7	- 0.3	+43.6	42	42	--	--
Chicago Metro	+21.2	- 18.0	+26.7	44	40	66	--
LA Metro	+31.6	- 2.6	+28.8	42	45	67	81
US	**+28.7**	**- 2.7**	**+29.7**	**43**	**43**	**72**	**77**

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

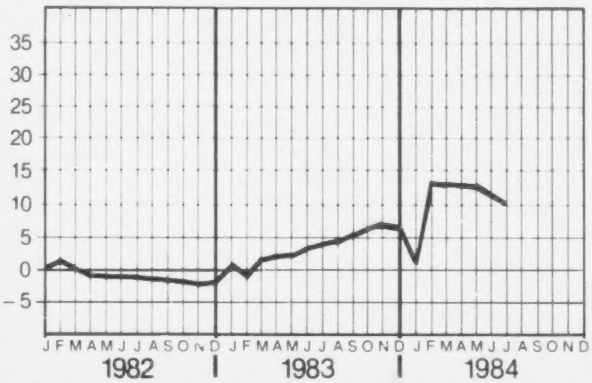
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

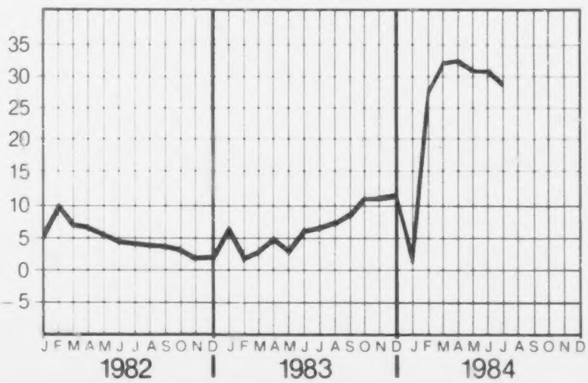
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



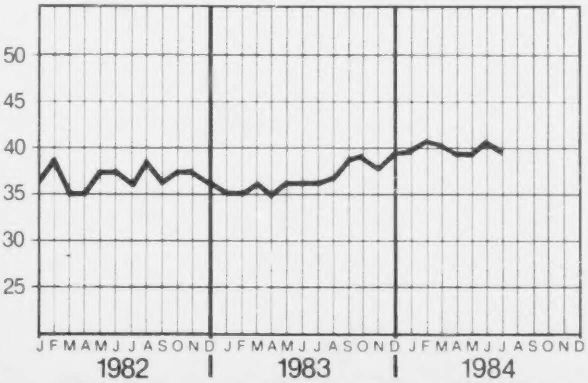
PRINTING PAPER SALES NATIONALLY



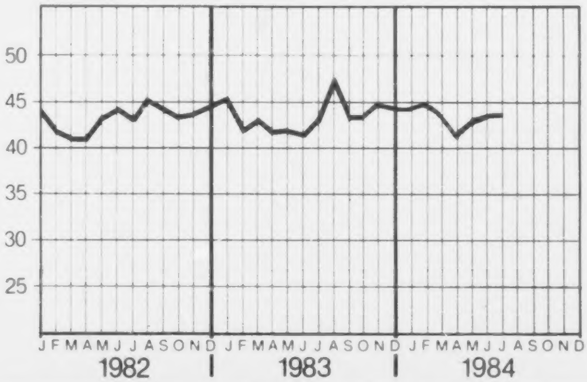
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



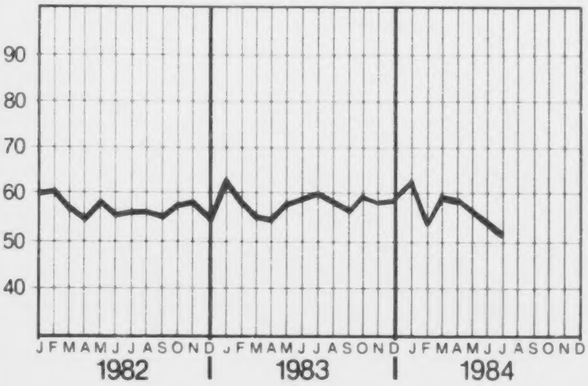
PRINTING PAPER INVENTORY NATIONALLY



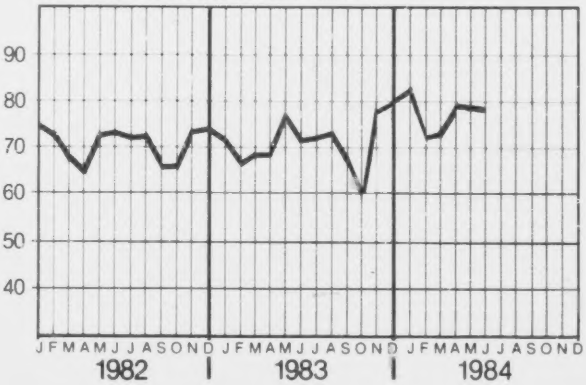
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

CONGRESS PASSES DEFICIT REDUCTION

Congress has 'fine tuned' over 200 Tax Codes that will generate $50 billion in revenue to reduce the federal deficit.

The "downpayment" on the federal deficit will now be paid. Unfortunately, $63 billion will be generated mostly by raising taxes.

Actual spending reductions will amount to only $13 billion of the total. The remaining $50 billion will come from what Congress refers to as "fine tuning" more than 200 tax code provisions and will be phased in between now and 1987.

The National Association of Wholesaler-Distributors (NAW) reports that they have opposed the tax increase legislation as "injurious to the economic recovery and general economic health." They suggest that deficit reductions should come from spending cuts as was the original plan.

Although the Deficit Reduction Act is extremely complex, the following provides a useful overview of the areas affected.

ACRS Extension

The Act extends the Accelerated Cost Recovery System for structures from 15 to 18 years. According to NAW, this presents greater difficulty for wholesalers. Buildings are their primary capital assets and so the shorter the depreciable life, the quicker the cost of investment can be recovered.

Estate and Gift Tax Rate

The Deficit Reduction Act allows the maximum rate of tax on estates to decrease to 55 percent this year as scheduled. However, it freezes the rate at 55 percent until 1987 when it will drop to 50 percent. Thus, the estate tax burden will continue to decrease and make it less likely that family-owned businesses will have to be sold to pay death taxes.

Phase Out of Graduated Rate

The Act effectively limits the graduated tax structure for corporations whose taxable income exceeds $1 million by imposing an additional 5 percent corporate tax on income in excess of that amount. The maximum additional tax is $20,250. Thus, the benefit of the graduate rate structure is eliminated for companies with income in excess of $1,405,000.

Business/Personal Use Property

There is now a limitation on luxury automobiles used for business, and stricter guidelines on claiming tax deductions for computers, video recorders and airplanes. Cars must be used at least 50% for business and documentation is required.

Fringe Benefits

The Act codifies as tax exempt many existing fringe benefits (which the Treasury Department has wanted to tax), but imposes non-discrimination rules which require that the benefits be supplied to all employees equally.

Industrial Development Bonds

The bill restricts the availability of industrial development bond (IDB) financing. IDBs may not be used to acquire land or existing facilities. Moreover, the annual volume of IDB financing that may be issued in any state is limited to $150 per capita or $200 million in total.

MPPAA Retroactivity

The Deficit Reduction Act also repeals the retroactive application of the Multiemployer Pension Plan Amendments Act of 1980 and orders a refund to those companies who were adversely affected by the retroactive application.

Capital Gains Holding Period

The Act decreases the holding period for long-term capital gains from one year to six months enabling investors to sell sooner without their gain being treated as ordinary income.

FOUR-DAY WORK WEEK TAKES A STEP FORWARD

The House Judiciary Subcommittee approved a bill (H.R. 277) to allow four-day, ten-hour work weeks on federal contracts. Printers have been pushing for this for quite some time. Six months ago observers considered changes in the legislation impossible, but lobbying efforts by Printing Industries of America brought the issue to the forefront.

MERCHANT INVENTORY CONTROL

Paper merchants today are keenly aware that successful inventory management is essential to good bottom-line results. The high cost of money is forcing merchants to trim inventory, and to "do more with less" - fitting more product into existing warehouse space. More sophisticated computer management systems now allow merchants real-time inventory control that tells them instantly what quantities of specific products are on the floor.

Last month's "Management Information" page of *MN* covered ROTA (Return on Total Assets) groups information produced by the PAR (Performance Analysis Report). This article will continue the ROTA group analysis, focusing on several inventory performance measures for printing and industrial paper merchants. Measures covered in the following tables are:

- Average Inventory (dollars)
- Warehouse Inventory Turnover (X per year)
- Days Sales in Average Inventory
- Turn & Earn Index

Inventory turnover is defined as the cost of warehouse goods sold relative to average inventory (average of beginning and ending yearly inventory). This averaging is necessary to smooth out seasonal fluctuations.

Days sales in average inventory provides essentially the same information as inventory turnover, but many people find it easier to interpret. It is calculated by dividing the average monthly inventory by average warehouse cost of goods sold per day.

The *turn & earn index* is the inventory turnover multiplied by gross profits earned on warehouse sales. It is a widely used measure of product line profitability in both wholesale and retail business. It is a more comprehensive measure incorporating profitability into its calculation. (The turn & earn index is discussed in more detail in your "PAR User's Guide.")

As was the case in 1982, operations for 1983 revealed that industrial paper merchants had much higher turn & earn indexes, more rapid inventory turnover, less days sales tied up in inventory, and carried less inventory in dollar value than printing paper firms.

Median figures are those that 50% of the companies' results fall above and below. The median is influenced equally by firms regardless of their size, unlike a "weighted mean." The principal benefit in looking at medians is that one can compare high and low-performance groups to this average. The high ROTA group ratios can be considered goals to strive for, and represent above-average performance.

During 1983, the median *printing paper* inventory held was worth $1.12 million (ROTA average). The high ROTA group of firms stocked nearly 65% more than the low-performance group. *Industrial paper* inventories were smaller, $812,000, and there was a 77% spread between the high and low ROTA group averages. Generally, the value of inventories held rises with company sales volume.

The median printing paper *inventory turnover* was 4.74 times per year, compared to 6.79 times for industrial merchants. High ROTA group firms turned over stock 8% faster than low ROTA firms in printing paper and 8.5% faster in industrial paper. NPTA Region 2 printing paper merchants had a much higher rate of 8.04 times yearly. (See page 37 for a listing of regions.)

INVENTORY MANAGEMENT
(All Measures are LIFO-Based)

Industrial Paper Merchants		Median for ROTA Groups	High ROTA Group	Low ROTA Group	High/Low Group Difference
Average Inventory ($000)	1983	$ 812	$ 930	$ 526	+76.8%
	1982	594	748	456	+64.0%
Days Sales in Avg. Inventory (Whse., days)	1983	53.76	48.20	52.77	- 4.6 days
	1982	48.80	39.54	59.96	- 20.4 days
Inventory Turnover (Whse. only, X)	1983	6.79	7.57	6.98	+ 8.5%
	1982	7.50	9.23	6.09	+51.6%
Turn & Earn Index, (Whse., %)	1983	194.44	204.75	164.46	+24.5%
	1982	181.14	229.74	169.06	+35.9%
Printing Paper Merchants					
Average Inventory ($000)	1983	$1,129	$1,757	$1,067	+64.7%
	1982	930	936	808	+15.8%
Days Sales in Avg. Inventory (Whse., days)	1983	77.05	66.94	73.16	- 6.2 days
	1982	72.67	73.86	62.49	+11.4 days
Inventory Turnover (Whse. only, X)	1983	4.74	5.45	5.04	+ 8.1%
	1982	5.03	4.95	5.84	- 15.2%
Turn & Earn Index, (Whse., %)	1983	116.51	124.73	99.88	+24.9%
	1982	127.01	129.63	117.09	+10.7%

Source: NPTA/MFI PAR Surveys

Printing paper merchants held roughly 77 *days worth of sales in inventory*, with a spread of 6.2 days between high and low ROTA groups. NPTA Region 2 companies had a much lower figure of only 45.5 days. Industrial merchants held a little less than 54 days sales in inventory on average, with high ROTA firms having about 4.6 days less than the low-performance group. Industrial merchants with net sales of $12-25 million averaged a much lower 34 days.

High ROTA printing paper firms had a 25% better *turn & earn index* than the low performance group. NPTA Region 2 firms had an index of 181.1% (versus a high ROTA average of 124.7%). Firms with net sales under $8 million also had a high turn & earn of 180.4%.

On the industrial side, the high/low spread was 24.5%, with a median ROTA group average of 194.4%. Industrial firms with $12-25 million in sales did much better - 218.9%, and those in NPTA Region 4 - 219.1%.

Year-To-Year Comparison

Printing

- The median printing paper merchant firm carried 21% more inventory (in dollars) than in 1982, and the spread between high/low profit firms widened.
- Inventory turnover and the turn & earn index were both down significantly.

Industrial

- The median industrial merchant firm carried 36% more inventory in 1983 than 1982 (in dollars) and the spread from high/low profit firms widened.
- Inventory turnover was down sharply, but high profit firms' turnover was much higher than the median. The turn & earn index was up last year.

It should be recognized that each merchant's style of operation differs, and a variation from these industry averages is *not* necessarily bad. A lower-than-average inventory turn is not bad if gross margins on sales are high enough to compensate for it. A higher-than-average turn is not necessarily good if margins are low, since your handling and order processing/service costs will be higher. The point is to analyze the PAR results via a firm's *total* operational goals, and the service levels that firm would like to provide customers.

The U.S. Department of Commerce tracks stock/sales ratios for various merchant wholesalers in its "Monthly Wholesale Trade" report. Historical trends in this Government data confirm the move to carrying less inventory. The April, 1984 report gives a stock/sales ratio of 0.92 for "paper and paper products" merchant wholesalers, down from 0.96 for April, 1983. This ratio is down for all "durable and nondurable goods" merchants overall - from 1.24 in April, 1983 to 1.12 by April, 1984. A stock/sales ratio of 0.92 means that for every $1.00 of sales, 92¢ is carried in inventory.

CHAIRMAN'S CORNER

TIME MARCHES ON

This year has been an eventful year for me as Chairman of NPTA and my only regret is that the time has passed too quickly.

We all agree that the paper distribution industry is not the same today as it was 50, 25, or even 10 years ago. Some of the changes have been for the good, some have not been so good. But, I feel our industry today is in good shape. Lots of things are changing and happening, but this is really not new in the paper distribution business. Can any of us remember a time when something was not changing, where a new product or development was not on the horizon?

We have always had challenges and the old rules still apply, the insightful, industrious, and efficient paper merchant will more than survive, he will prosper. It will probably take different applications and skills to be successful in the future, but the basic direction of our business is positive, and I am optimistic for the future.

One of the greatest strengths that we have as paper merchants is maintaining a strong association and I'm happy to report that your NPTA is stronger than it's ever been. Our staff is complete with qualified professionals. Our lay leadership is dedicated and is well trained to assume more responsibilities. We have a stair step method of developing leaders.

First, members of committees, then to the board of directors, and then elevated to officer status. By the time I finish my term as Chairman, I will have spent approximately eight years going through the chairs. Others that I have followed and those who will follow me, will have similar training, and seasoning for the job. Our president is a most qualified person and does an outstanding job for this Association.

We have added 32 new member companies this year making a total of 1850 member locations. This membership represents distribution points throughout our country and abroad.

The establishment of our Endowed Research Chair Program at North Florida State University this year is indeed a step forward and our stairway to the future. We now have the tools to look ahead 5, 10, 20 or more years to determine what we're going to need and how we're going to be able to serve the markets of tomorrow.

A newly established two week college program on paper merchant operations designed for middle management people to be held at Miami University of Ohio at Oxford, Ohio, will serve the educational and training needs of our industry today. The first session of this program is to be held in October of this year.

Our new format and size of *Management News* is an indication of the growth of your Association. I urge you to participate, cooperate and be a part of your NPTA. Only through your efforts and support can we continue to represent our industry. Large or small, independent or public, NPTA has something to offer every merchant.

As I write my last article as Chairman, I reflect on the great honor that you have extended me this past year for which I'm deeply appreciative. I thank our committees, committee chairmen, board of directors, and officers for the support and cooperation that they have given me. And without the support and cooperation of our staff at NPTA headquarters, I could not have provided the leadership that is needed. To all of you who made my term as Chairman possible and to all of you who worked with me and assisted me this past year, I thank you from the bottom of my heart. I wish the Association many, many years of continued growth and success.

Lionel W. Eltis

Lionel W. Eltis, NPTA Chairman

NPTA WELCOMES NEW MEMBERS

The following companies have received membership in the National Paper Trade Association:

Arvey Paper & Supplies
3349 W. Addison
Chicago, IL 60618
George Jonscher, Vice President
established: 1970
location: 1
type: dual

Camp Paper & Envelope Company
2580 Wyandotte, Unit F
Mountain View, CA 94043
Gene L. Camp, President
established: 1980
location: 1
type: printing

Cantwell - Cleary Company, Inc.
2100 Beaver Road
Landover, MD 20785
Vincent D. Cleary, President
established: 1914
location: 1
type: industrial

Marking Development Corp.
467 Mundet Pl.
Hillside, NJ 07205
Elliot Kallen President
established: 1964
location: 1
type: industrial

Russell Hall Company
19 North George Street
Box 734
Meriden, CT 06450
Philip H. Hall, President
established: 1854
location: 1
type: industrial

Weiss Brothers of Hagerstown, Inc.
801 Pope Avenue
Hagerstown, MD 21740
Bernard Weiss, President
established: 1932
location: 1
type: industrial

PEOPLE IN THE NEWS

Ronald W. Andersen has been promoted to sales manager - Wisconsin of Kranz, Inc., Racine, WI.

Patrick M. Heenan has been appointed vice president of Kankakee Industrial Supply. He will continue as chief financial officer as well as direct the company's operations.

Thomas O. Yaggy was named vice president and general manager of Butler Paper Company's paper distribution outlet in Fort Wayne, IN. He has been with the company for 18 years. **Glenn P. Barton** was appointed sales manager for the company's Chicago area paper distribution operation in Des Plaines, IL.

Roger Smith has joined Mayer Myers Paper Company in Memphis, TN as credit manager.

George Scherer has been appointed general manager - Florida region of the WWF Paper Corporation. Mr. Scherer was previously vice president-pulp and paper sales for Diamond International. **David G. Forslund** was named vice president-sales and marketing for the company's Royal Paper Company. Previously, he was with Blake, Moffitt and Towne, Hammermill, and most recently was eastern merchant manager for International Paper. **Robert Rothstein** has been appointed vice president-corporate sales for WWF and will continue as executive vice president of Royal Paper.

Terrence G. Payne has been appointed manager, Nationwide Papers/Detroit, MI. **David L. Hester** has been named sales manager of the company's San Antonio, TX operation. **Adrian C. Farmer** was promoted to sales manager of Nationwide's El Paso, TX branch. **Steven E. McGrane** was named sales manager of the company's Elk Grove Village, IL operation.

James M. Van Elk has been appointed product manager, packaging and supplies for the Kalamazoo office of Mead Merchants. **Kim Kovach** and **Al Harding** have joined the company's Hillside, IL operation as merchandise managers/mill department. **Mary Jo Oliva** has become industrial purchasing manager for Mead Merchant's Detroit, MI area.

Don Strong has been named vice president operations at Monarch Paper's corporate office in Houston, TX. **Peggy Walter** was appointed corporate employee relations manager, and **Rick Wilkins** has joined the company as corporate credit manager at the company's Houston Division. **Dick Cox** was named vice president/division manager, **Carl Fawcett** was appointed sales manager, fine paper, **John Harrell** was named sales manager, Copysource Products, and **Nathan Kapner** was promoted to operations manager. At the firm's San Antonio Division, **Don Weersing** was appointed division manager and **John Freyling** has joined the company as operations manager.

Donald R. Fay has been promoted to senior vice president of the Dowd Company of Woburn, MA, and **Peter Tomasini** was promoted to vice president of sales **Stephen J. Ragucci** has been promoted to manager of the Sanitary Maintenance Division.

Harold Rogen has been appointed to vice president-finance and a member of the board of directors of Canover Industries, Inc. in Maspeth, NY. **Thomas Ryan** has joined the company as vice president-marketing.

Edward Shields has been named product manager of MACtac's Printing Products Division (a subsidiary of Bemis Company).

William A. Andres, chairman of the board of Dayton-Hudson has been elected to the board of directors of Scott Paper Company.

T. Marshall Hahn, Jr., chairman and chief executive officer of the Georgia-Pacific Corporation, has been named "CEO of the Year for the Forest Products and Lumber Industry" by *The Wall Street Transcript*, a weekly newspaper for the investment community. **William A. Shepherd** has been named southeastern regional sales manager for the company's Commercial Products and Systems Division.

George J. Harad has been appointed senior vice president and chief financial officer of Boise Cascade.

Joseph L. Pokorny has been named vice president, regional public affairs for Champion International.

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NPTA Elects New Chairman of the Board: Frank J. Viegas

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New NPTA Chairman Frank Viegas discusses industry topics.

Cover Photo
James T. McFarland

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The first annual Stanley O. Styles Industry Excellence Award was given to William J. Zellerbach on September 25, 1984 at the NPTA Annual Convention in Chicago. He was honored at the Association's annual Chairman's Luncheon.

10 **Frank J. Viegas Elected New Chairman**

During an exclusive **MN** interview with the new chairman of NPTA, Frank Viegas, president of The Dowd Company, gave his views on his company, his Association and his industry. As a large, independent, industrial paper merchant, his perspective warrents attention.

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EASTERN PAPER ACQUIRES PART OF HUDSON

The president of Eastern Paper of New England, Jeffrey Renert, announced the acquisition of the Industrial Division of the Hudson Paper Company. "By adding this division to our present marketing territory," reports Renert, "we will be supplying industrial tapes and materials, sanitary supplies and industrial food service paper and plastic goods throughout Connecticut and Westchester County, New York."

Eastern Paper of New England will have a sales force of six serving approximately 2,500 industrial customers. The Hudson Paper Company will continue to distribute to the retail packaging market under the name HUPACO.

G-P BOARD APPROVES NEW PAPER MACHINE

A $200 million paper machine will be installed at Georgia-Pacific's Port Hudson, LA pulp mill. The fine paper machine is expected to produce 650 tons per day of forms bond, offset and other printing paper grades.

Other mill improvements will be made that will increase bleached hard-wood pulp capacity by about 100 tons per day. "This new machine reflects two aspects of our corporate strategy—increasing the size of our paper business to balance our large building products business, and the manufacture of high-value-added products," said T. Marshall Hahn, Jr., chairman and chief executive officer of Georgia-Pacific. The start up is scheduled for the third quarter of 1986.

NOREL OPENS PRODUCTION FACILITY IN ATLANTA

Norel Corporation announced the opening of a new production facility in Atlanta. Norel Plastics of Georgia, Inc., will produce and distribute PELASPAN-PAC, an expanded polystyrene loose fill packaging material commonly known as "plastic peanuts." Norel produces and distributes PELASPAN-PAC through a licensing agreement with The Dow Chemical Company.

Roy Lantz has been appointed general sales manager for the Atlanta operation with Michael Gallagher assuming the role of plant manager. According to Harry Nussbaum, Norel president, the production facility is the fifth Norel operation to be established in the East Coast area. Nussbaum explained that all sales from the Atlanta plant will be handled through a southeastern regional distribution network.

Dow Chemical and Norel have been doing business for over 20 years.

"The Dow Chemical Company and Norel have been doing business together for over 20 years. We look forward to another successful operation and the increased capability to serve our customers," Nussbaum said.

Since 1955, Norel has been supplying industrial and commercial corporations with PELASPAN-PAC plastic loose fill as well as materials handling systems and equipment. Norel customers package products ranging from fine china and cosmetics to heavy machine parts and high technology electronic equipment.

Norel is headquartered in Bogota, NJ with other facilities in Thorofare, NJ; Hanover, MD; and Winston-Salem, NC.

ST. REGIS STUDIES NEW LIGHTWEIGHT COATED MACHINE

Three locations are now being studied for the placement of a new lightweight coated paper machine by the St. Regis Corporation: Bucksport, ME; Deferiet, NY; Sartell, MN. These are currently facilities where the company produces coated publication papers.

Ted L. Robinson, St. Regis vice president and general manager of the printing paper division, said they hope to expand their lightweight coated capacity. St. Regis is the nation's largest producer of ultra-lightweight coated paper.

An additional 25,000 square feet of warehouse space is being added to the existing 100,000 square foot complex of National Paper & Packaging in Cleveland, OH.

Arthur J. Horner, National Paper & Packaging's vice president marketing and planning (right), gives tour of additional 25,000 square foot facility at NAPCO's Cleveland headquarters to James Rudolph, regional manager for Holland Manufacturing Co.

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BMT · EAST DIVISIONS: Saxon Paper Florida, Saxon Paper New England, Saxon Paper New York, Union Paper Company of Michigan.

PEOPLE IN THE NEWS

Lee Dennis has been named sales service manager of the Binghamton (NY) Division of Seneca Paper.

Erik Joki has been appointed manager of merchandising at Nationwide Papers headquarters in Stamford, CT. Also named were **Paul J. Augustini** as sales manager and **Carol D. Curbishly** who has been appointed operations manager at the company's San Francisco operation.

Robert L. Schweitzer has been appointed assistant general manager of the Paper Plus Retail Stores part of Carpenter/Offutt in Los Angeles.

Kevin Dunn has been named shipping supervisor of JB Papers in Union, NJ.

Julie Lachner was promoted to product manager within the packaging department of Mead Merchants, Minneapolis.

Beryl C. Bridges, vice president-marketing for Paper Sources International of the Lindenmeyer Paper Company, has been elected president of PSI. She succeeds **Joseph M. Flounders** who has retired.

Ronald E. Davis has been promoted to executive vice president of Unijax, Inc. of Jacksonville, FL. **Robert L. Jacobs** has been appointed vice president-finance and chief financial officer of the company.

Robert A. Fening, Jr. has been named president of the Southern Paper Company (Zellerbach), Knoxville, TN. He succeeds **John L. Windsor** who has retired.

Isabel Deliberti, treasurer of Ris Paper/New York and **Frank Williams**, treasurer of Ris Paper/Washington have been elected to the company's board of directors.

William G. DeWitt was named controller and **Thomas C. Guelcher** treasurer of the Hammermill Paper Company.

John A. Georges was named chief executive officer of International Paper. **Edwin A. Gee** will remain chairman of the board until he retires next April.

Bob Pesci has become general manager, eastern region for the Packaging Division of the Sealed Air Corporation. **Barrett Hauser** was named general manager of the company's Western region.

Paul J. Schierl was named chairman of Fort Howard Paper and will continue as CEO. **Donald J. DeMeuse** was elected president of the company and will remain executive vice president in charge of their tissue operations. **R. James Alexy** was named president of the firm's Maryland Cup Company and will continue as executive vice president of the company's Sweetheart products group.

Stanard W. Garratt has been named product manager-carbonless papers at Appleton Papers Inc.

BUTLER PAPER WILL BUILD NEW FACILITY IN WISCONSIN

A new 1,600,000 cubic foot center costing $2 million will be built by Butler Paper in Menomonee Falls and will serve the Milwaukee market. The sales and distribution center will be located on the corner of Fountain Boulevard and Anthony Avenue.

"Our business has grown substantially in the Milwaukee area as well as throughout the state making the new operations center necessary," said Michael R. Conley, vice president and general manager of Butler-Wisconsin. The company has distribution centers in three other Wisconsin cities. Gerard E. Veneman, president of Nekoosa Papers Inc. and chairman of the board of Butler said, "this investment is another indication of our company's faith and confidence in the future economy of the state."

The Butler Paper Company has been part of the Milwaukee business community since 1844.

In a related item, a new division of Butler has been established in Sparks, NV serving the Reno area. Kirk S. Johnson will head the new operation.

Robert W. Kunde, vice president, western operations, of Butler said, "Our business has improved substantially in northeastern California and western Nevada, and to meet the growth, we have added the new paper distribution center and sales office in Reno."

PAPER PRODUCTION STILL AT NEAR CAPACITY LEVEL

The first half of 1984 showed paper manufacture at 35 million tons—a record level. It is 9% over the same period one year ago reports the American Paper Institute (API).

Printing paper grades, largely uncoated free sheet, is responsible for most of the new capacity production. API reported further that the demand for all printing paper grades continues to be strong. Shipments of groundwood papers were 9.3% ahead of last year and coated paper shipments were up 16%.

ECONOMY COVER HAS NEW NAME: ECONOCO

Because of growth and diversification, Economy Cover has adopted the name Econoco Corporation. In addition, the company has added 30,000 sq. ft. of new warehouse space including a computerized inventory system.

Their nationwide distribution required the establishment of three auxiliary warehouses in Miami, Dallas and L.A..

BLACKOUT SURVIVED BY PEOPLE AT PRINTING SEMINAR

San Francisco area printing salespeople and executives will long remember Friday, the 13th of July. For four hours darkness and heat were the topics of discussion at the Graphic Arts Sales Foundation (GASF) seminar.

These creative salespeople quickly fashioned lamps from flashlights, water glasses and made paper lampshades.

GASF director of education Harris DeWese praised the participants: "These people are really determined. . . They came to learn how to better serve their customers and intended to stay no matter what the circumstances."

SALES DEPARTMENT PERFORMANCE

PART I: Outside sales performance. With today's escalating costs of outside sales, this segment of merchant operations is coming under close scrutiny.

Sales Department Performance Measures
1984 PAR Results
(Medians)

Printing Paper Merchants	1981	1982	1983	Avg Annual Change
Sales Per Outside Sales Rep ($000)	$1,160	$1,161	$1,217	2.5%
Avg. Pay & Travel Exp. Per Outside Sales Rep ($000)*	37.4	43.4	41.5	5.5
Gross Profit Per Outside Sales Rep ($000)	186.9	183.9	195.8	2.4
Avg. Pay & Travel Exp. As % Gross Profit (%)*	22.6	24.6	23.2	1.3
Sales Service Employees Per Salesperson	.52	.50	.50	–
Industrial Paper Merchants				
Sales Per Outside Sales Rep ($000)	$546	$551	$639	8.5%
Avg. Pay & Travel Exp. Per Outside Sales Rep ($000)*	31.3	32.3	36.0	7.5
Gross Profit Per Outside Sales Rep ($000)	124.0	120.7	148.6	9.9
Avg. Pay & Travel Exp. As % Gross Profit (%)*	25.2	24.6	24.1	-2.2
Sales Service Employees Per Salesperson	.35	.30	.33	–
Dual Paper Merchants				
Sales Per Outside Sales Rep ($000)	$865	$860	$969	6.0%
Avg. Pay & Travel Exp. Per Outside Sales Rep ($000)*	37.7	37.4	40.9	4.2
Gross Profit Per Outside Sales Rep ($000)	162.2	154.6	164.0	0.6
Avg. Pay & Travel Exp. As % Gross Profit (%)*	26.8	25.7	24.8	-3.7
Sales Service Employees Per Salesperson	.53	.48	.55	--

* Includes supervisors, does not include fringe benefits.

By definition, a paper merchant's main function is to move products—to sell, along with the many other value-added services he provides. The sales department is a vitally important part of the business linking merchants to their customers via in-person contact and by phone. Both segments of the sales department are responsible for ensuring a smooth, hassle-free relationship in meeting customer requirements.

With today's escalating costs related to supporting an outside sales rep (travel, lodging, meals, benefits, etc.), this segment of the sales department is coming under increased scrutiny. There is also growing recognition that the *inside* sales department, or sales service personnel, may have been until recently an underestimated asset.

As outside sales costs rise, more routine order taking, general product information, and marginal account maintenance will be shifted to inside sales/telemarketing personnel. These people will come under closer scrutiny as far as productivity is concerned.

To measure performance in these two segments of the sales department, merchants need baseline industry information by which to compare their current situation and plan future progress. The annual PAR (Performance Analysis Report) survey provides such industry benchmarks. The survey results are based on $7 billion in gross annual sales.

This is the first of a two-part article examining recent trends in sales department performance. This article will analyze *outside* sales rep performance measures from 1981-83. The PAR results presented in the tables are *medians* (50% of respondents' measures are better than this figure, 50% are below it). The next article will examine a range of *inside* salesforce performance measures.

Printing Paper

These outside sales reps generate the highest **sales** of all three merchant groups.

The "median" rep sold $1.2 million of product in 1983, a level that has held fairly steady since 1981. Average yearly gains in sales produced have been only 2.5% per year, which is only half the increase of 5.5% yearly in the rep's average pay and travel expenses ($41,500 in 1983). NPTA region 5 reps had significantly lower sales of $877,000. Printing paper merchant firms with sales volume of $50+ million were highest at $1.86 million. As expected, sales rep compensation rose with company sales volume, to a high of $57,000 for $50+ million firms. (See listing of NPTA Regions on p. 19.)

The median **gross profit** per outside rep was up 2.4% yearly to $195,800 for 1983. Gross profits increased with company size, to $226,700 for $50+ million merchants. Region 6 reps also had comparatively high gross profits of $220,000 in 1983. Average pay and travel expenses relative to gross profits fell to 23.6% in 1983, a good sign. Region 5 reps, however, took the biggest bite of their employer's gross profits—25.1%.

There are roughly two outside sales reps in the field for each sales service employee supporting him in the printing paper merchant firm. Although this was not true for Regions 2 and 6. These firms had more sales service employees than the average.

Industrial Paper

The median industrial paper outside sales rep produced $639,000 of revenues in 1983, up an average of 8.5% annually since 1981. These reps' compensation rose at a slower pace, 7.5% yearly to $36,000 by 1983. Firms with $25+ million sales volume had reps who generated 62% higher sales, however, at $1.04 million. Firms in the "under $3 million" volume had reps earning only $25,200, while those with $25+ million in sales paid $47,100 on average.

Gross Profits per outside industrial paper sales rep have risen strongly since 1981, up nearly 10% per year to $148,600 by 1983. Region 2 firms and those with sales of $25+ million had significantly higher gross profits per rep, $185,000 and $190,000, respectively. Reps' pay and travel expenses have been taking a smaller and smaller bite of gross profits since 1981, down 2.2% yearly, to 24.1% by 1983. Region 2 reps only took 19.8%, while merchants in the $3-6 million volume devoted 28.2% of profits to the outside sales function.

There are roughly **three** outside reps for each inside sales service employee supporting him in the industrial paper merchant firm. For Region 6 merchants, there are more service people, and the ratio is **less than two** outside reps per sales service person.

Dual Merchants

The median dual paper merchant outside rep produced $969,000 in **sales** in 1983, up 6% yearly since 1981 and outpacing increases of 4.2% annually in his average compensation ($40,900 by 1983). Outside rep sales were 19% higher, or $1.16 million for firms with $25+ million in revenues. Region 2, 4 and 6 merchants' reps also had higher sales, about $1.2 million per rep.

Gross profits per outside sales rep have inched up marginally (0.6%) since 1981, to $164,000 per rep by 1983. Dual merchants in the $25+ million category and those in Region 6 had much higher rates of $198,000 and $215,000, respectively. These sales reps' pay and travel expenses as a percent of gross profits have been trending downward since 1981, falling 3.7% to 24.8% by 1983. However, 27% of dual merchants' profits for those in the $4-10 million class, and 30% of Region 3 firms profits, went to outside sales rep compensation.

There are about **two** outside reps for each inside sales service employee in dual merchant houses. Region 2 and 6 area merchants had more sales service personnel, and their ratios are closer to 0.7 service employees per field rep.

NOTE: Refer to the September issue of *MN* for a discussion of the various commission plans in effect and being considered for the future: straight, modified, and variable commission alternatives. Of related interest might be NPTA's Telemarketing seminar to be held in St. Louis on October 25, 1984.

Next Month: PART II: Inside Sales Performance

EVENTS

OCTOBER

11. *Compensating Your Marketing Personnel, Hyatt Regency O'Hare, Chicago, IL. Contact NPTA.*

11-13. *ISSA Annual Convention and Show, Los Angeles, CA.*

14-15. *Correxpo '84, Atlanta, GA.*

14-17. *Graph Expo East, Printing Exhibition, sponsored by NAPL, PIA, NPES, New York Coliseum, New York City, NY.*

14-17. *Tag and Label Manufacturers Institute fall general membership meeting, Hyatt and Hilton Head, SC.*

21-27. *National Forest Products Week.*

25. *Telemarketing The Key To Maximizing Your Sales Efforts, Marriott St. Louis, St. Louis, MO. Contact NPTA.*

29-11/2. *Pack Expo '84, McCormick Place, Chicago, IL.*

NOVEMBER

8-9. *New Concepts in Abrasion Measurement (for the handling of print materials), Holiday Inn North, Newark, NJ. Contact Gavarti Associates, 414-351-3875.*

12-16. *Printech Week at RIT, Rochester, NY. Contact NPTA.*

13-15. *Trends In Paper Distribution Computerization Conference, Florida Center Hotel, Orlando, FL. Contact NPTA.*

ZELLERBACH WINS NPTA AWARD

The first annual Stanley O. Styles Industry Excellence Award has been given to William J. Zellerbach of the Crown Zellerbach Corporation of San Francisco, CA. The occasion of the award's presentation was the annual chairman's luncheon held in Chicago on September 25, 1984 in conjunction with the NPTA Convention and Exposition.

The award, named for Stan Styles, a well known figure and member of the paper industry for over 70 years, is given for excellence and achievement in business. Mr. Zellerbach is an industry leader who exemplifies the qualities of the award's namesake. His outstanding career is indeed noteworthy.

Bill Zellerbach is the fourth generation in a distinguished line of paper merchants and the great-grandson of Anthony Zellerbach, who founded Zellerbach Paper Company in 1870. He is a senior vice president, a director and a member of the executive committee of Crown Zellerbach, one of our nation's leading forest products companies. He served as president of Zellerbach Paper Company from 1961 to 1983, and during that twenty-two year tenure he directed the growth of Zellerbach from a regionally focused dual house covering the 7 western states, to a national distribution network stretching from the Potomac to Hawaii and from Alaska to the Florida Keys.

As a past-president of the NPTA (1969-70), as a director of Crown Zellerbach and Van Gelder Paper of The Netherlands, and as a member of The President's General Advisory Committee on Foreign Assistance Programs, Mr. Zellerbach has been a distinguished spokesman for the paper industry on both the domestic and international scenes. He is known among his peers as an astute and dedicated leader.

A graduate of the University of Pennsylvania's Wharton School of Finance and Commerce and of the Harvard Advanced Management Program, Mr. Zellerbach joined Zellerbach Paper Company in 1945, almost 40 years ago. There are over two-thousand employees at Zellerbach, yet it is said that every time he visits one of his facilities, he always knows everybody by name. He really cares about people.

Award Nominations

It is this outstanding career that is honored by the Stanley O. Styles Industry Excellence Award. Nominations for the award were received from the industry during June and July. All nominations were reviewed by the NPTA board of directors and a final selection was made. The winner's name was not made known prior to the annual chairman's luncheon.

Award Criteria

The recipient of the award each year will be an industry leader with a distinguished career: someone who has had a positive influence on paper distribution. The individual will be someone involved in industry affairs who has supported trade groups and industry associations. The person selected will be of impeccable character who is an industry spokesperson and good citizen.

William J. Zellerbach

IN PERSON

FRANK VIEGAS ELECTED CHAIRMAN

Frank J. Viegas is president and chief executive officer of The Dowd Company of Woburn, MA. He has been with the company since 1961. Prior to joining Dowd, Viegas worked for Metropolitan Life and was a sales manager of a wholesale bakery supply company.

Upon graduation from Harvard in 1949, he was offered a job at Dowd by his college roommate's father. He remembers telling him, "Mr. Fay, I don't think selling toilet tissue is my idea of what I want to do." As it turned out, it was.

But the business Viegas runs sells much more than that. Carrying 5,200 line items and doing over $30 million in sales, by anyone's definition The Dowd Company is a large independent industrial paper distributor.

As an NPTA board member for three years and a member of the board's executive commitee for three more years, Viegas knows his Association and his industry very well. The plans for the Association's year ahead are now being crafted by Viegas and the board.

Frank Viegas spoke candidly to **MN** *editor William H. Frohlich about his company, his industry and his association.*

NPTA Chairman Viegas outside of Headquarters of The Dowd Company.

the Dowd company inc.
PACKAGING·SANITARY SUPPLIES
SYMONS PAPER CO.
GARDNER

MN: *What are the changes you see taking place in the industrial paper distribution business?*

Viegas: The chains are growing every year by further acquisition, and this is changing the nature of paper distribution. It has been said that if you don't do $20 million a year you probably won't survive as an independent much longer.

The computerization of paper merchant operations is becoming more and more sophisticated. It still has a way to go but each year I see gains. It's the rare house that's not computerized at this point.

I think that the industrial salesperson will make far fewer field sales calls than he does today. He will cease to be a "route man" as many of us have been over the years and will have to make much more productive individual calls. This brings telemarketing more and more into play. We have had it for a little over two years and hope to expand it further the first of next year.

MN: *Has that been successful for you?*

Viegas: Extremely successful and beyond anything we anticipated. We are into "team selling" also because we have in-house specialists in shrink packaging, retail packaging, and in the sanitary maintenance business. The telemarketer, the field—general line salespeople, and the specialist all contribute to make our business.

I think the other impact involves the method by which salespeople are compensated. I think that the era of the entrepreneur-salesman working for a paper company is changing. Now, he's like a company within a company. That's ending. It has to end. It's not the way to compete in the future.

Inside salespeople will be better compensated than they have been. I don't think that means that field salespeople will suddenly be impoverished, but that the gap that has existed between the field person and the inside salesperson will be narrowed. And that is probably helping.

MN: *You once mentioned to me that the independent might be an endangered species, but are there specific threats and opportunities for the independent industrial merchant?*

Viegas: Yes, I think there are. One threat is from other commodity distributors. Wholesale grocers are a threat to the paper industry. They have made tremendous in-roads in the food service area. They have used our paper goods as lost-leaders quite often to obtain the food and liquor business. They are extremely difficult to compete with price-wise and they continue to grow. Whether we like to admit it or not, they have learned how to run a warehouse efficiently, they have learned how to go into the marketplace, and they have beaten us in our own ball park in many instances.

OF NPTA

I don't think they are going to go away. But then there are opportunities for the industrial paper merchant and that is what we are talking about. Despite all the urgency to reduce inventory and eliminate duplicate inventory, we must find more product areas that make us important to our customers. We have 5,200 line items in our building and we're growing.

Sometimes it means that independent merchants get into custom sized sheets of paper. It may mean getting into slitters and foam packaging, die cutting, or getting into sanitary maintenance. There are so many fields but if one attempts to stay with a limited product line and it's sophisticated enough and specialized enough it might work.

If the geography finds him isolated from other towns, that's probably okay. But if he is going to operate as we do in a metropolitan area, then he has got to be diversified and not limited in his product lines—especially if he wants to grow.

The industrial paper merchant category is really a blanket term that covers many constituencies. Industrial paper merchants can be as different one from the other as they can be from a printing paper house. There are some that have a food service orientation, others that are heavily into washroom supplies, sanitary maintenance, others are retail packaging specialists. There are military packaging specialists or industrial packaging specialists. A whole new category just developed in recent years is the cash and carry stores.

So that if you chair the industrial paper committee as I have these last two years and as my predecessors have before me it is a little like presiding over the democratic party: a very mixed group of people out there. And whether my friends in the printing paper business would like to hear me say this or not, they are really much more monolithic like the republican party.

So, I think it is important to remember when we use the phrase, "industrial paper merchants," that is is a little more difficult to define than one would think. Just a little bit more diverse.

MN: *What do you see as the direction for success in a company like yours?*

Viegas: Well we continue to try to operate in the many different marketplaces. We identified with the market where we have something to offer, that we are good at, and we will work those very well. We have also tried to recognize those markets that have matured, where we have lost position, where we aren't best prepared to service and leave them.

For example, at an earlier point in our history the supermarket business was the dominant part of our business. We still do some supermarket business these days but less and less and that's by design. We have gotten involved with hospitals and medical care and with many of those other segments I have mentioned.

So it doesn't happen overnight, and it doesn't happen once a year. But if you look back over a longer time span you can see markets that we have walked away from, new markets entered and some that are in various stages. Some are just beginning for us, some are mature.

MN: *One of the things that's been happening in our industry is the development and evolution of buying groups. Are you involved with that aspect of the industrial paper distribution industry?*

Viegas: Yes, we are and it is a fairly recent thing for us. We joined the Affiliated Paper Companies (APC) group just about two years ago. We had been approached by them and by other groups at various times over many years. And I must admit that I have initially viewed them as a buying group as you just called them and not as a buying and marketing group which I think they now are.

I didn't want to be part of a group that was going to hold their purchasing hostage. I wasn't comfortable with saying we will put our cup business out to bid on a private label and this year maybe Dixie will make it and maybe next year someone else will make it and so forth. Maybe I am unfair in describing them that way.

As the years went on buying groups became more successful and started to branch out into other areas. I saw the marketplace changing. I realized that if independents like us are to have any chance at selling regional accounts that have multi-locations or national accounts that obviously have many locations we must be part of something bigger. Without this, the distributor is abdicating a whole segment of the marketplace to the conglomerates or the chains.

MN: *So the buying groups are a reaction to the growth of the chains.*

Viegas: Well, I wonder if that's the right word. I think it's an alternate way for an independent to have the benefits of a large company without selling out. And the marketing arm of the operation is becoming more and more important to APC and to the others. Some of the success stories of recent years prove that point. It is true that they are still heavily weighted to buying versus marketing. If they were 80% buying and 20% marketing maybe now they are 70-30 and next year it might be 60-40. The growth now in marketing will bring it into balance very shortly and I am happy that we're able to be part of that.

MN: *We have seen a trend in the industry towards more and more house (private) brands. What has your experience been with house branding?*

Viegas: House brands are out there. They grow each year. There are people that are staunch believers in them and I understand their rationale and why they do it. There are many situations where it is probably the very best thing to do.

We've elected to stay with brand names, not the private brands. We're proud to represent the mills that we do. We think we have a particular blue chip list of suppliers, and we have the advantage of a known brand. It's been successful for us.

One concern I've had as a distributor, and maybe I'm too cautious or conservative, is the vulnerability that we see in the marketplace today with truth in labeling, with hold-harmless agreements and with many other potential problems. That may be an unfounded fear but we had a couple of experiences recently that made us think. So we're content, at least for the moment, not to go the private label way.

Also to be considered here is whether the mill will support you as well when he's making a private label for you as he will when you're going to the marketplace with his brand. Does he become insecure that he's got your business this year and might not have it three years down the road. It's a trade off, there's no right or wrong in this situation. It isn't black and white, you can answer it both ways, but those are reasons that for our purposes we've stayed with the known brand.

If you want to be involved with NPTA . . . We will get you involved!

MN: *I understand that you personally have been involved in NPTA for quite a number of years. Can you tell us about that?*

Viegas: Well I became a director in 1976, served a term, came off the board and then was invited back on a few years ago and, of course, since that time I served in various capacities as an officer in the association. I have been attending the convention since 1961. And I have attended seminars put on by NPTA throughout that period. I have read publications, I have used the performance report to measure our own company. Yes, I have been involved with NPTA the entire time I've been with the Dowd Company.

MN: *Is there anything in all of the things that NPTA offers that you would single out that you would say, "Gee that's really a key benefit of my membership in NPTA for my company?"*

Viegas: No. I hate to put one above the others. They have all been beneficial to us. One other thing that I do want to mention, though, is the people I have met through NPTA from all over the country. The willingness on the part of non-competing merchants to talk to you, to tell you how they solved a problem you are confronting has been wonderful.

It's been a great experience to be able to pick up the phone and on any given subject find some friend around the country that you can talk to, that you can learn from. How can you measure that? I don't know. But that again depends on how willing you are to participate and to get involved. And one message that I hope will go out during the time that I am still an officer is to encourage people, particularly young people, to not view the officers of the NPTA and the various committees as some kind of an elite group. We are here to help the industry.

MN: *It does take a fair amount of time to do those things, to become involved. What has been going on in your life within the last year or so?*

Viegas: Well I *have* been busy. And I have traveled much more than is normal for me. If you include business travel together with personal travel, I haven't had 30 days in the office consecutively. However, that is unusual.

Somebody getting involved with NPTA doesn't have to make that kind of time commitment, though. He might want to serve on the industrial committee, on the education and training committee, on any one of the many facets of our business that NPTA is involved in. The extent of it is up to him.

I'd hate to think that people come to our convention to see the few of us that are up on the stage chairing a meeting and think that there is some kind of "secret code word" or that this is a super-secret lodge meeting. If you want to be involved with NPTA it is as simple as coming to anyone of the officers or the staff of NPTA and say, "Hey, how do I get involved?" We will get you involved! It is an open invitation. If there are any people holding back out there because they are waiting for an engraved invitation to show up, that's not the way it works.

I think the association must be a partnership. If it is to remain a vital and viable, meaningful resource for the paper merchant it constantly needs new blood and new ideas. It's got to cut across the generation gap and all types of paper merchant operations.

MN: *Has there been anything that you have been disappointed about that NPTA hasn't done or should do or services that haven't been exactly what they should be?*

Viegas: No. I think that using the word "disappointed" would be too strong. Impatient, wishing something would happen sooner, maybe that's the case. But really and truthfully if you have been around as long as I have then you have got to be honest and say that NPTA has made rapid strides in these last several years.

To be critical is really nitpicking. There have been so many major breakthroughs and things that have been accomplished. I'm not bragging because they were accomplished by my predecessors, not by me. But the staff that NPTA has now is the best staff NPTA has ever had. And to use the word "disappointment"—absolutely not! I am not disappointed.

MN: *In the last couple of years at NPTA, there have been a lot of changes and one of the key things that has happened is the creation of the Paper And Plastics Education Research Foundation. Would you bring us up to date? Why was this organization created, what is it doing, and what will it be doing in the future?*

Viegas: There are many reasons for founding such an organization. It fills a need that no other association or group in our industry has fulfilled to date. The intent was to create a vehicle that could be supported equally by the merchants and the mills, that could do in-depth, pure research on various segments of our business.

To take the time to dig into the things that the NPTA staff certainly doesn't have the time to do and to find projects that are common denominators to many of the manufacturers and the merchants is the service to the industry we want. And to do it in an academic research setting, objectively, and to bring those results back to the interested parties so that they can then use that information to improve their businesses. This helps people determine what courses of action to take. It fills a very vital need.

I also think that a side benefit to it will be the drawing together of the manufacturers and the merchants. This is the way to get to know each other and work on common problems.

MN: *The issue of mill/merchant relations was something that I wanted to discuss and you've led into it. I've heard it said that the relationship between the mill and the merchant is a love/hate relationship, you need each other, yet sometimes it's difficult to work with one another. What do you think can be done to improve this relationship? The PAPER Foundation is obviously one thing. Are there things that merchants can do working together through NPTA to improve their relationship with suppliers?*

Viegas at his headquarters office.

Viegas: Yes, I think there is. We have in recent years opened up a dialogue in a more meaningful way than before. That's a good way to charactertize it as a "love/hate" relationship. What we each have to recognize is that our industry is not static, that it does evolve, and that the manufacturer of 1984 is not quite the same as the company with the same name of 20 years ago. Neither are the merchants.

And the mill has to respond to the changing distribution pattern out there that we talked about earlier, the conglomerates, the buying groups, etc. The merchant in turn has to respond to the changing mill product line and the many acquisitions of one manufacturer by another.

It's a little bit like growing up, I guess. We have a good childhood friend, and then suddenly in our teen years and college years we drift apart. Each one thinks the other one has changed so much. Then perhaps, we come together again a little later in life and find that we really hadn't changed much at all. Whatever the common bond was that we had in the beginning gets renewed.

Some of our hate relationships come during those turbulent years when we as merchants think the mills have betrayed us and in turn the mills look at us and say, "Huh, some loyalty there!" It really *is* still there, but once in a while we forget it. NPTA serves as a facilitator. It's a place to come together, meet and discuss everything. It's a forum.

MN: *As you move into the Chairmanship of this leading industry group, have you given much* *thought to what your priorities will be, and how you would like your administration to proceed?*

Viegas: Yes I have. The NPTA has initiated so many new things, the PAPER Foundation we just spoke of, the two week college course at the Miami University of Ohio, and the *NPTA Management News* magazine, the "Stanley O. Styles Industry Excellence Award," additional seminars, and an expanded convention. We've bit off so much in recent times that it seems to me that as Walter Moore (chairman of NPTA 1982-3 and CEO of Unijax) calls it, "During my time on the watch," that it becomes more important to digest that which we have already ingested before we tackle new things.

So I think this next year we'll not see the new, and the innovative and the different things. It's important now to have a year when we do these things, hopefully do them well and let things settle out a bit. We can't just constantly be leaping forward and leaping forward until we consolidate what's already been set in motion. So I think mine is more a year of stewardship to see that we don't fall behind and that we settle those things in. That may not sound very exciting, but I think it's the proper role at the present time.

It's funny. Lionel Eltis (chairman of NPTA 1983-4 and chairman of Consolidated Marketing Inc.) said pretty much the same thing last year as he took office. But this past year saw the biggest explosion of activity in the Association's history. I'll try to keep a steady hand on the tiller, but we also must respond to opportunities and new situations.

MN: *What do you see as some of the benefits merchants will get out of all these new programs that NPTA is now involved with?*

Viegas: Well, we've already discussed the PAPER Foundation and what we believe will come out of it. We're also going to have a formal two week program with a field project in between the first and second weeks to which we can send our managers. That's going to be geared specifically to our industry. We're moving the seminars around the country perhaps better than we did, so that people can attend without having to fly halfway across the country. We're doing it on a greater variety of subjects—we've done an awful lot in the education and training area.

Our publication, *MN*, improves with each issue and I would like to think that it will be known as the bible within our industry. That it will be the primary source of information.

I think the convention has been modified. We're offering a larger menu of things for people to do. We have examined it in every facet and we have not accepted the reason, "well we've always done it that way."

By the listing of where the convention is going to be held the next couple of years, we've shown that we recognize that we are a "national" association. The country has done a lot of growing up and expanding since NPTA was founded in 1903. There are other cities beyond New York and Chicago capable of housing our convention.

MN: *NPTA is always trying to be thinking five years ahead. What do you see as the major threats and opportunities for NPTA over the next five years?*

Viegas: If the largest conglomerates continue to acquire companies and grow larger and as new ones come into the picture, I hope they will always recognize the value and importance of a national association.

Sometimes I get concerned: If they think that they will eventually become big enough to be an entity unto themselves, then they might think that they no longer need an association. The association would be weakened tremendously if we don't have large merchants, small merchants, conglomerates—all the many, many types of distribution that make up our industry. It's that very mixture that helps us learn from each other. In order to learn from each other we've got to be able to come together.

So is that a threat? Yes, it could be a threat, but hopefully it won't be. The conglomerates, at least to date—and I know the top management at most of them—are very supportive of NPTA; are sold on the benefits of it. The last several officers of the NPTA are representative of very large, major companies in our business. I hope they will always be part of the association.

MN: *NPTA has grown by about 50% in the last two years. It has tried to do more, provide more, and it really has happened without an increase in dues. NPTA has been able to provide 50% more services by tapping other sources of income without having to go back to the member companies and say, "would you give us more money for this new project."*

Viegas: And don't you think it's true that the reason that NPTA has grown 50% is because the membership at large has recognized what's going on and has wanted to be part of it? Many companies have joined just in the last few years because something has happened to capture their imagination. That's the sign of a vital association that's doing its job.

DIMENSIONS IN TRAINING

PLANNING: THE KEY TO TRAINING

> *Education and training is playing an increasingly important role . . . Merchants now see a need for the continued development of their knowledge and skills.*

Any paper merchant involved in the training of his firm's personnel must be aware that proper planning is an essential element to the program's success. Whether the company trainer, sales manager, vice president of planning and marketing or others conduct the instruction and review, the employees must be motivated. And, the sessions must be enlightening and the material relevant to their specific needs.

This article addresses various factors involved in planning that contribute to a program's effectiveness. While no one can guarantee overnight success, these steps will help contribute to organizational excellence. A well planned and implemented training program can improve employee attitudes and morale, increase productivity, improve quality of work and help to cut organizational costs.

Objective

A number of relevant questions must first be addressed:

- What are the organizational goals?
- What are the employees' needs and requirements? What are the employees' shortcomings and what additional knowledge will help them perform their jobs better?
- What new behavior or job performance should the employee exhibit as a result of the training?

These questions constitute a needs assessment. At this point, an outlined training technique or activity can be developed.

Levels Of Instruction

Learning is the acquisition of new knowledge, skills and attitudes, but **training** is the process by which the individual acquires that knowledge, skill or attitude and applies it to his present work.

In developing a training program, the instructor must determine the level at which the training is to occur. If the training activity is designed to develop cognitive ability (factual knowledge or comprehension) then such techniques as readings, audio-visuals, lectures (including workshops and seminars), questions and answers, demonstrations and field trips are useful.

If, however, the training involves the actual application of knowledge, skills and attitudes, other methods are needed. Strategies such as case studies, simulations, role plays, problem solving, debates and team teaching can be effective.

Three Steps To Training

During the **first** stage, the trainee should be introduced to the topic so he will be prepared and motivated to learn. The importance of the material should be covered as it relates to the trainee's needs and organizational goals. People feel more comfortable when they know what they're going to learn, how learning is going to take place and how they will benefit.

Variation of Activities

The **second** stage is designed for reinforcement, review and follow-up. A training experience at the review stage should be used to enhance learning and actively involve the trainee. This is most successful when the trainee's ideas, suggestions and personal comments are integrated into the activity. The instructor should conclude by summarizing and emphasizing major points which directly relate to the achievement of the objective.

The **third** stage of any training is the evaluation of the trainee's learning. Cognitive learning should utilize written tests in the form of multiple choice, true and false, matching and completion questions. If, however, the trainee is expected to perform or demonstrate certain skills, knowledge or attitudes, then other evaluation measures must be used. These may include rating sheets, checklists and most importantly, on-the-job observation.

Attention should be given to providing a balance of instructor-centered techniques, trainee-oriented activities, audio-visual aids, and outside resources. Training sessions should include a balance of large group, small group, and individual learning experiences.

Activities should be designed so that different senses (seeing, hearing, touching) are used by the trainee. In addition, studies have shown that activities that incorporate more than one of the senses are usually more successful in the training and development of personnel.

Education and training is playing an increasingly important role in paper distributorships. Merchants now see a need for the continual development of their own knowledge and skills. Job competencies constantly change. Regardless of company size, a successfully planned training schedule will benefit the merchant and the company as a whole.

PRINTING PAPER

REPORT ON PRINTING IN 1995 AVAILABLE

How will the printing plant of 1995 be different from today's plant? The Graphic Arts Technical Foundation's Techno-Economic Forecasting Division took up the challenge of looking into the printing facility of the future.

In addition to a world scenario of 1995, the report looks at the possible role of robatics in the plant. The handling of materials may be done by machines in the future.

The combining of printing and electronics is coming into focus thus creating new opportunities for the printer of the future. Computers, in general, will support all printing functions and help integrate the graphic arts processes.

For more information on this report, "The Printing Plant of 1995," contact Dr. Nelson Eldred at GATF, 4615 Forbes Avenue, Pittsburgh, PA. 15213.

> *If the economy keeps going as strong as it is, we're going to have to print our magazines on toilet paper.*

NAPL SURVEY FINDS PRINTERS "NERVOUS ABOUT PAPER"

Printers have put more paper into inventory in the second quarter—over 4% more reports the National Association of Printers and Lithographers in the *Business Indicator Report.* Their survey results show that printers uniformly agree that they can get paper, but not always exactly what they want. Their days of paper supply on hand now stands at 31.8.

Survey respondents reported that their paper suppliers tell them that the specific papers they want can be obtained if ordered in a timely way. Printers are expected to maintain their paper inventory levels through the third quarter.

Days of paper on hand vary by geographic area and type of printing. The metropolitan areas held a bit more paper in supply than other parts of the country. Chicago area printers, for example, have 40.4 days on hand but expect to decrease that in the near future. Heatset web printers' inventory level now stands at 54.3 days.

In a related article in *Business Week*, tight supply of coated paper in the United States was seen as the reason for many users' turn to European suppliers. Since June, 1983, imports have gone from about 10,000 tons to over 40,000 tons. Although imported paper is more costly, some publishers have said it's necessary for them to stay in business. One Chicago publisher was quoted as saying, "If the economy keeps going as strong as it is, we're going to have to print our magazines on toilet paper."

PRINTING INDUSTRY ORDER BACKLOG COMPARISONS

Comparison First Day of 3rd Quarter 1984
to Last 6 Months and to All-Time High

Average Backlog in Days

INDUSTRY GROUP	JAN. 1	APRIL 1	JULY 1	Record High§
All Groups*	15.3	15.3	14.7	18.0
Sheetfed	13.8	13.4	11.3	17.3
Heatset Web	30.9	28.8	29.1	35.0
Nonheatset Web	19.8	16.1	17.5	22.8
Business Forms†	9.5	15.2	12.1	19.9
Quick Printers	5.0	3.4	2.1	5.0

§*Highest reported backlog 1980 - 2nd Quarter 1984.*
**Excluding Quick Printers.*
†Information for companies that produce business forms as a secondary (not primary) product.
Source: National Association of Printers and Lithographers.

WASTE & SPOILAGE REPORT ON WEB PUBLISHED

A survey report based on responses of 103 companies with 229 presses has been published by Printing Industries of America. Both heatset and non-heatset presses were included in the survey.

The study compares responses by process, region, sales volume, product, press size, number of units, number of reels, length of run and kind of paper. For a copy of the *1984 Waste & Spoilage Report* at $79.90 plus $3.95 shipping, contact the NPTA Communications Department.

ADVERTISING PAGES REBOUND IN '84

In the first six months of 1984, magazine advertising revenues broke through the $2 billion level. A Gallagher survey of the top 100 consumer magazines showed that total number of ad pages was up 5.7%. The Publishers Information Bureau reported that the total number of ad pages for their 138 members magazine is up 8.4%.

INDUSTRIAL PAPER

DIVERSIFICATION THE KEY TO THE FUTURE GROWTH FOR INDUSTRIAL PAPER DISTRIBUTORS?

Due to our current economic climate, wholesale distribution in all commodity lines has continued to change. This may prove to be either a threat to existing business or a new profitable challenge. While industrial paper merchants diversification may be unlike that of, say, grocery wholesalers, they can present a very full product menu to their customers.

Today's grocery wholesaler has added everything from picnic supplies to stationery and school supplies taking a larger bite out of the paper trade. By advocating a "single supplier" concept, these wholesalers have had great success.

Because industrial paper merchants' customers are not in the consumer area, perhaps the key is to search for those products needed to build both current accounts and develop new ones.

The areas not served can be built for increased profits. For example: in food service, providing flatware and permanent use dinnerware; providing their janitorial supply needs; business forms, placemats, glassware, single service products such as salt, pepper, sugar, diet-sweetner and other condiments.

Health care institutions can be provided with disposables, janitorial supply, business forms, cut-size copier paper, office supply, food service items, promotional paper needs (brochures, etc.)

In every area of existing business with the given customer base, the idea is to sell deeper. This brings the regularly sold items as well as new items into play.

In addition to expanding business with current customers, efforts should be made to expand customer classes: such as business offices, hotels, supermarkets, colleges and schools, hospitals, doctors' offices, veterinarians' offices and hospitals, nursing homes, theatres, sports stadiums, convention centers, banks, prisons, shopping centers, condominiums, apartment buildings and the list goes on.

True diversification, as discussed by Denis F. Healy of Healy and Associates, is risky because the distributor is going beyond his normal business—into a new business. And so the merchant usually looks to selling more of what he usually sells—to existing customers and new ones.

Even as opportunities in existing markets diminish or as product lines reach maturity levels, the likely course of action involves adoption of market or product development strategies rather than diversification.

One way to diversify is to keep the new ventures as close to the existing business as possible. These might include: report generations for financial planning (for customers), marketing for resale, educational services for customer employees, stocking plan-o-grams and other services to aid customers in their businesses.

The toughest side to growth by diversification is to go totally outside your present customer classes and commodity lines by either building a division of the company (which becomes in effect a separate business) or purchasing another firm which currently sells in the new area.

As an example, Edward N. Patrone, president of the Distribution Group of Alco Standard, stated at the 1983 Annual Convention session on diversification that in addition to paper his company is now distributing seven different commodity lines. These include: wine and spirits, metals, containers, glassware, automotive parts, pharmaceuticals, personal health and beauty aids.

The Unijax distribution division entered into the food distribution business. Fred Robbins, the president of that division, spoke about this area of diversification. "Unijax has had other distribution businesses in the past but we now have a food distribution business which is located in Charlotte, North Carolina. Although the economy has been poor, this business of ours has been steadily growing. At times in certain areas we compete on the paper side of our business, with our food wholesale operation which carries paper. One difference here is that the food distributor is turning over his inventory twice as fast as we are in the paper business."

The food distribution operation has a much higher capital investment, but there is an excellent return. One important differentiation appears to be that the food operation is more of a "distributorship" while the paper operation is more geared towards "merchandising." This means that the mark of the food operation is its productivity.

"The food service drivers and warehouse people, including pickers, are on an incentive basis to improve the productivity," said Robbins. "They are well managed and maintain a high performance level."

It is evident that at all times it must be remembered that the business is distribution. True, each commodity line has its own special problems.

Prior to a decision on adding any line or acquisition, as a management group a thorough analysis of what will be needed for success in that line is required. Ed Patrone of Alco Standard sees that paper merchants have an advantage in the diversification game: "My observation is that the salespeople in paper distribution are superior to those in other commodity lines. Sales management techniques are more advanced. The relationship between the paper company and its suppliers is less adversarial. There is more of a partnership relationship. These are significant positives."

But the most important part of the diversification project must be how it fits into the company's overall strategic plan. In the 80s, the service part of the industrial paper business may be the yard stick by which a company will be judged. The availability of all commodity lines through all of the nation's distribution firms will increase.

The most important factors seem to be a) knowing the competition in a given commodity line, b) making certain that the most efficient order/delivery system is provided, c) supplying customers with the services and personal care they deserve, and d) making all of these factors feed the merchant's profitability.

FEDERAL JUDGE OVERRULES GOBBLEDYGOOK

A federal judge in Brooklyn, NY, reports **Simply Stated**, *ordered the government to remove the "gobbledygook" from Medicare benefit form letters. Judge Jack B. Weinstein made the ruling in a class-action suit filed on behalf of Medicare recipients in Queens, NY, against the Federal Government and Group Health Inc., which administers part of the program.*

"The language used is bureaucratic gobbledygook, jargon, double talk, a form of officialese, federalese and insurancese and doublespeak," wrote Judge Weinstein in his July 11 opinion. "It does not qualify as English."

WILL YOUR COMPUTER HEAT YOUR OFFICE?

Maybe yes! reports **Energy User News**. *They tell the story of a new five-story office building in Grand Rapids, MI that is warmed entirely by the heat generated by its computer system, lights and people.*

The 385,000 square-foot building is about 50% more energy efficient than the average building to begin with. Special insulation and electronic controls are the basic difference. But the biggest plus is capturing the heat generated by its two main-frame computers which run constantly.

IS THE BOSS CRAZY?

The employee who says, "My boss is crazy!" may in reality be speaking the truth, reports **Newsday**. *Irrational executives have become a problem in American business. According to an article in the September issue of* **Science Digest** *magazine, psychologists are trying to spot the types and learn how to handle them.*

One symptom say the experts is the forming of inappropriate relationships by executives who have gone 'round-the-bend. Or, acting to please an associate. One psychologist said the boss can lose "his ability to look at people in terms of their real roles and regards an individual subordinate or group in terms of what he needs emotionally."

The report concludes that **only** *15-20% of American executives are truly effective. (It didn't say how many are crazy.)*

AUGUST, 1984

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day August 1984 - Compared To - August 1983	Sales Per Selling Day August 1984 - Compared To - July 1984	Sales Per Selling Day 1984 Year-to-Date - Compared To - 1983 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of August		Calendar Days' Cost* of Ending July Inventory	
				1983	1984	1983	1984
INDUSTRIAL							
1	+15.1	+1.3	- 3.8	38	45	55	--
2	+13.5	+3.4	+ 8.8	36	34	51	50
3	+12.6	+5.2	+15.1	36	39	69	65
4	+11.2	--	+13.2	35	38	51	52
5	+11.4	+8.3	+ 4.2	35	36	55	61
6	+17.9	+4.0	+10.2	37	41	--	--
7	+ 0.4	+5.2	+ 0.3	35	41	60	56
NY Metro	+14.2	+3.9	+ 4.0	45	43	--	--
Chicago Metro	+ 6.4	+4.9	+ 8.4	38	39	54	--
LA Metro	+ 9.4	-8.0	+ 8.4	45	50	56	47
US	**+12.2**	**+2.6**	**+10.2**	**37**	**40**	**57**	**55**
PRINTING							
1	+35.0	+6.9	+26.7	55	50	61	--
2	+24.1	+1.6	+29.0	47	44	65	64
3	+23.0	+2.8	+27.3	45	43	86	89
4	+20.6	+0.6	+21.0	45	44	77	72
5	+24.4	+5.4	+27.6	45	45	--	87
6	+22.8	+0.1	+ 9.2	41	40	--	--
7	+18.3	-0.9	+10.1	44	39	79	64
NY Metro	+19.1	-5.0	+38.3	45	38	--	--
Chicago Metro	+16.0	+8.8	+34.4	45	43	--	--
LA Metro	+24.0	-4.0	+27.0	42	45	68	86
US	**+22.7**	**+0.8**	**+26.1**	**46**	**43**	**74**	**78**

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

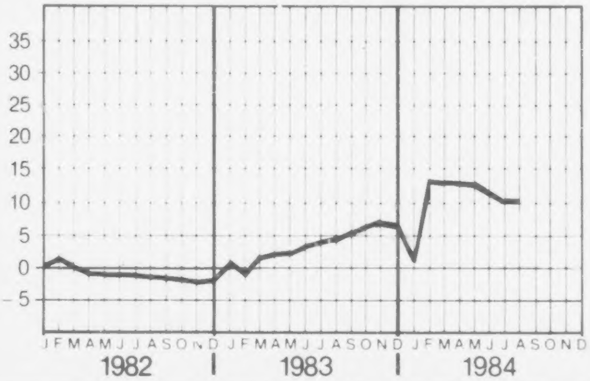
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

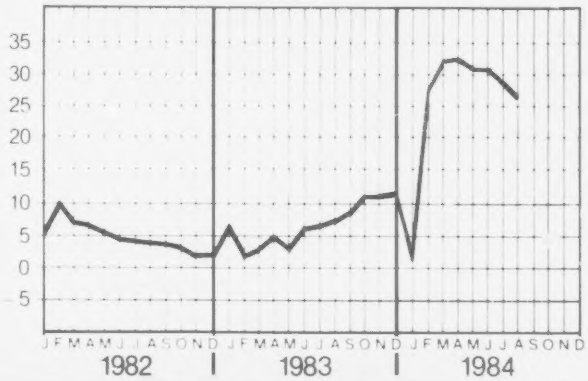
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



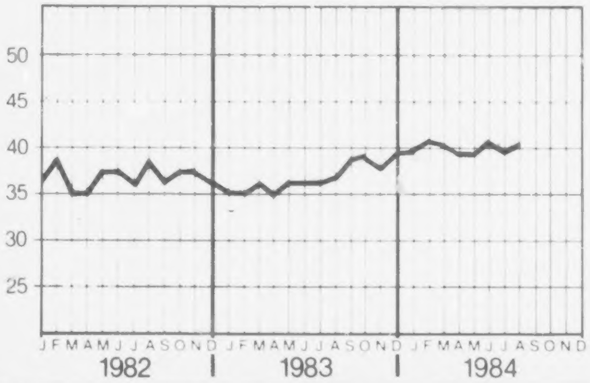
PRINTING PAPER SALES NATIONALLY



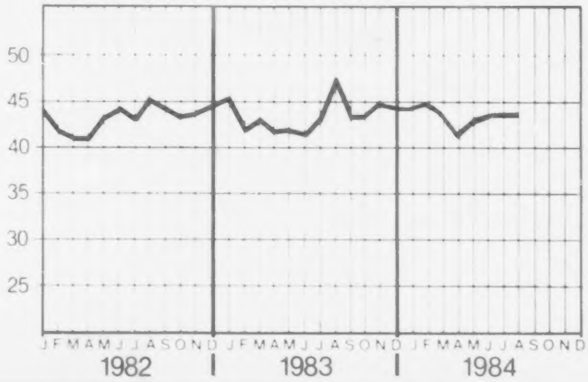
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



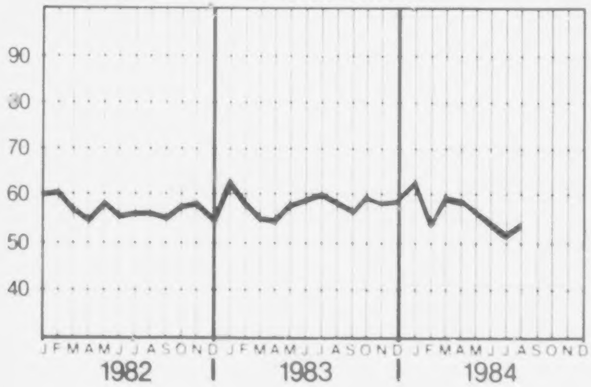
PRINTING PAPER INVENTORY NATIONALLY



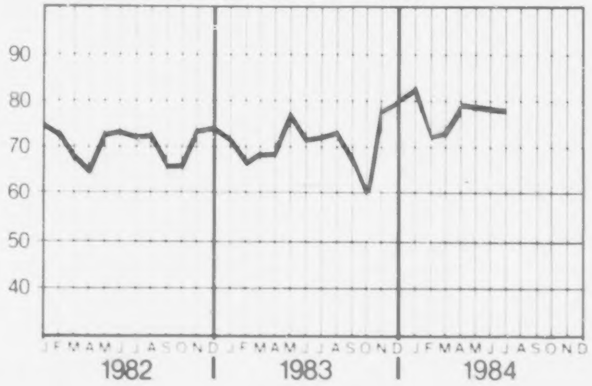
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



IS NAW INFLUENTIAL ON THE HILL?

A voice, strong and clear, is now being heard in Washington.

Washington is teeming with special interest groups vying for legislator's time: all wishing to be heard, all wanting their own perspective on key issues made law.

So how influential can any **one** group be? On matters of public health, congress rarely argues with the American Medical Association. If aircraft safety is at issue, the airline pilots are always heard.

But when it comes to American business interests and taxation, the National Association of Wholesale-Distributors (NAW) has become known as one of the key opinion leaders on the Hill. The strong voice of wholesalers is now being heard in a way that is both lending credibility to this business segment as well as having a major influence on the law-making process.

In the August 1, 1984 issue of *Business & Public Affairs*, the semi-monthly newsletter of the American Political Reserach Corporation, a review was made of the major business/tax policy organization. They found that these seven groups were having the greatest impact: the National Association of Manufacturers, the U.S. Chamber of Commerce, the Business Roundtable, the American Business Conference, the National Federation of Indpendent Business, the American Council for Capital Formation and the National Association of Wholesaler-Distributors.

Taxation At Issue

These groups worked together at regular meetings to develop a common deficit-reduction and tax reform policy for 1985. Although nothing has been decided by the government yet, it is possible that some kind of value-added tax will be agreed to by all groups.

"Like the Chamber, NAW favors reducing the deficit by pushing cuts on the spending side," reports the *Business & Public Affairs* newsletter. "But they too are more pragmatic than their official positions might suggest. Back in 1972, economist Norman Ture prepared a survey on the impact of a value-added tax on wholesalers for NAW, and found that while it might be painful in the short run, in the long run it might facilitate useful reform—in short, rate reduction."

Beyond that, NAW and the American Business Conference are seen as the major forces behind the Coalition to Reduce High Effective Tax Rates. The Coalition strongly opposes surtaxes and related devices as "transitional" revenue-raising mechanisms.

The Kiplinger Washington Letter of August 3, 1984 reports that NAW is one of the major business groups creating a plan to reduce federal spending. Kiplinger refers to these groups as "the same bunch that promoted tax cuts in 1981." They are now working on an "alternative" budget.

It is clear that NAW has arrived. Their position on matters of tax and business policy cannot be taken lightly. When NAW speaks, it speaks with the authority of a $2 trillion wholesaling industry—a mighty force in American business enterprise today.

MORE SMALL BUSINESS LOANS TO BE AVAILABLE

Under a new law recently signed by President Reagan, financing from the Small Business Administration may be increased by improvements in the secondary market for SBA-guaranteed loans. The bill will allow the SBA to pool guaranteed loans, reports Printing Industries of America, and sell them as a package in the secondary market to investors.

Previously, the SBA had been allowed to sell only individual loans which made it difficult for investors to determine a fair market value, because it was just too much trouble to assess the risk of loans to single companies. Enactment of this measure should help improve the management of the second market and make participation in it much more attractive to large, institutional investors. As a result, small businesses should gain greater access to SBA guaranteed capital.

Improving the secondary market for other lending institutions has been an effective way to free up capital. Pooled mortgage loans collected by the Government National Mortgage Association (Ginnie Mae) are an example. By investing in a loan pool, a purchaser frees the initial lender to offer additional money to borrowers.

Want some information on SBA loans or other programs? Call the SBA answer desk toll free at (800) 368-5855 (DC 653-7561).

MUNICIPAL ANTITRUST BILL PASSES HOUSE

The U.S. House of Representatives on August 8 overwhelmingly approved legislation (HR 6027) limiting the applicability of federal antitrust laws to the actions of local government and their officials.

According to the State Solid Waste Report published by the American Paper Institute (API), the bill allows private parties to obtain injunctive relief to prevent a local government from engaging in activities determined to be in violation of federal antitrust laws. However, the legislation provides that monetary damages can not be recovered from local governments. HR 6027 is similar to legislation (S 1578) pending in the Senate.

The issue is of interest to paper recyclers because of its potential impact on flow control ordinances. API has been working to ensure that municipal antitrust legislation would not immunize flow control ordinances from antitrust scrutiny. The House and Senate bills are consistent with API's objectives.

ASSOCIATION FILE

CONVENTION CASSETTES AVAILABLE

Did you miss "the event of the year for the paper distribution industry"—the Annual Convention of the National Paper Trade Association? Or, if you *were* there, did you miss a key session?

Now, you can order an audio cassette copy of any of the 10 important industry presentations. A copy for someone in your office can be a useful tool.

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2. Janitorial Supply: The Role of the Paper Distributor	$ 10.00
3. Computerized Inventory Management	$ 10.00
4. Building a Winning Management Team: A Key To Your Success (YEF Program)	$ 10.00
5. General Business Session (2 tapes)	$ 15.00
6. The Future of Electrostatic Printing and Its Impact on the Demand for Paper	$ 10.00
7. The Promise of Telemarketing	$ 10.00
8. Health Care Cost Containment	$ 10.00
9. How Paper Merchant Managers Can Use Personal Computers	$ 10.00
10. Chairman's Luncheon (Stan Styles Award and Douglas Kiker)	$ 10.00
Complete Set - 10 sessions, A total of 11 Cassettes	$105.00

Buy the Complete Set at $95.00 and Save $10.00

1985 VACATION SCHEDULES AVAILABLE FROM NPTA

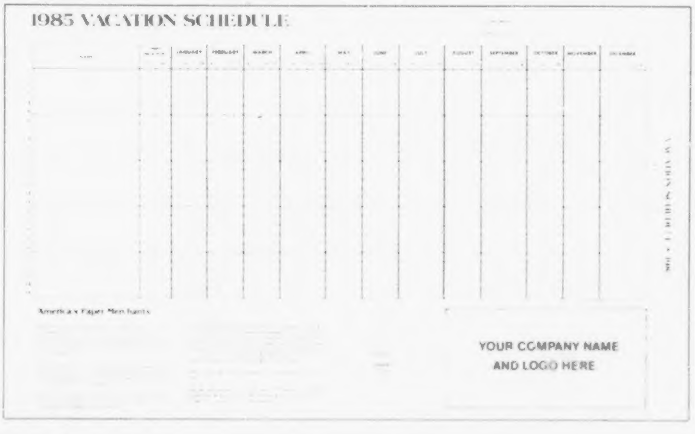
The simple vacation schedule continues to be a useful tool for paper merchant salespeople. It gives them another reason to stop in and see the customer and drop off this nice item.

The 1985 vacation schedule has space for 25 employees to list their names and vacations. It is actually a handy file folder that can also be attractive enough to put on a bulletin board. And, there is space for the custom imprinting of the merchant's name and logo. This will keep it in the customer's eye all year long. It is better than an ordinary calendar.

In addition to the schedule, there is much good information about America's paper merchants: How they serve customers better, benefits of using merchants, important services provided.

The 1985 vacation schedules are available to all at $.40 each in quantities of less than 100. For 100-500, the price is $35.00 per hundred and $30 per hundred for orders over 500. Custom imprinting is available in any size order (add $60). Direct orders to the Communications Department at NPTA Headquarters.

Order your 1985 vacation schedules early.



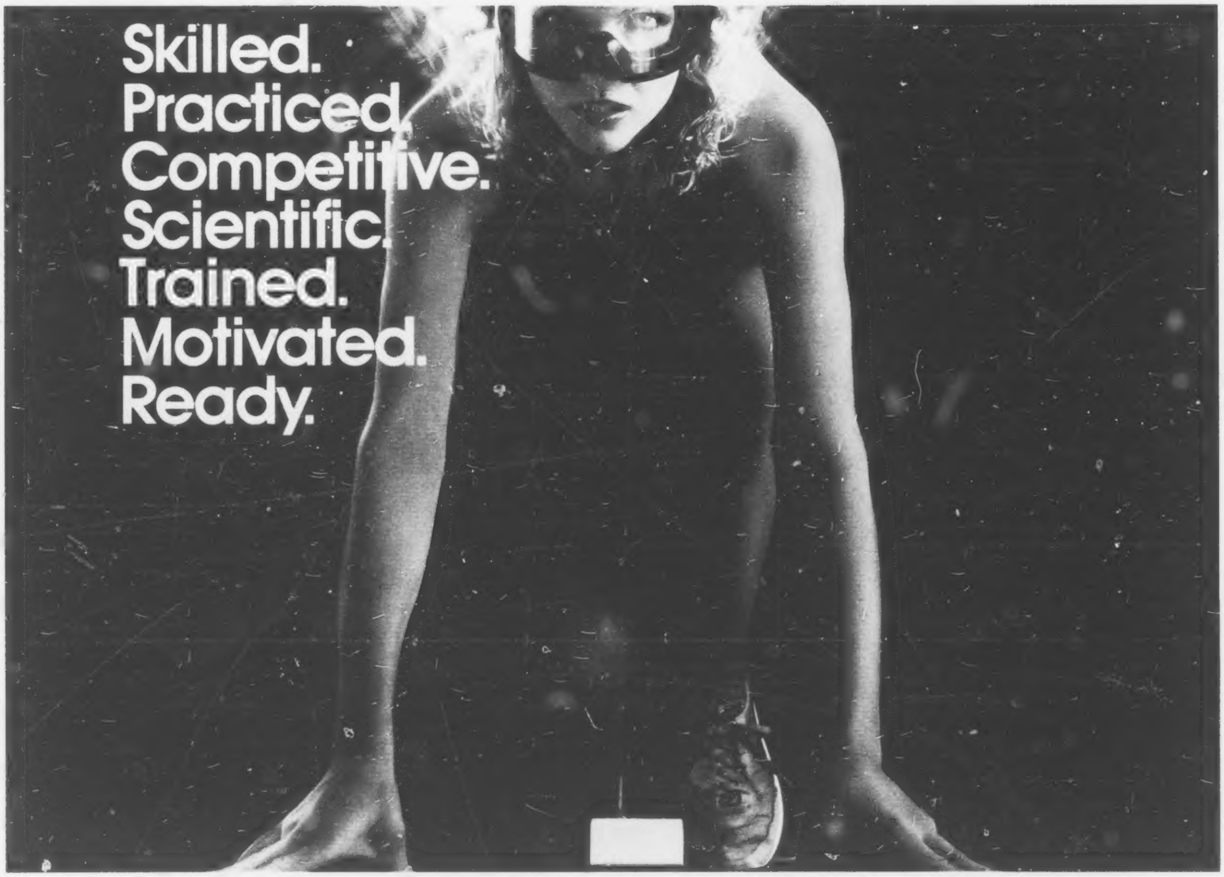
1985 WHO'S WHO PLANNED

NPTA moves into its 82nd year of service to the trade with the publication of its *1985 Who's Who In Paper Distribution & FactBook*. Each year this book is used extensively by mills and merchants alike.

This year's industry "FactBook" section will have information from the 1982 Census of Wholesale Trade now being published by the Federal government. Also included will be specific industry measures from NPTA's 1983 Performance Analysis Report (PAR). The "FactBook" is a most useful tool for the industry in planning marketing, sales presentations or speeches to community groups.

The section of the book containing the roster of membership in NPTA requires careful updating. The Association prides itself in the accuracy of its listings. On September 5, 1984 requests for revisions were sent to all NPTA dues paying company presidents.

The Association will accept all listing changes in preparation of the 1985 book that reach NPTA by October 15, 1984. All member companies are asked to respond as quickly as possible.



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With Dixie/Marathon, you can pick and choose the way you want product delivered. Whatever helps you turn your inventory most profitably.

Would a mixed order of foodservice and sanitary items give you faster turns? OK. We'll send it all at once from a combined shipment center.

Or maybe a large shipment, straight from the mill, would save you more.

Either way, we have a remarkable record for accurate, on-time delivery. And you have the industry's broadest line of disposables to choose from.

What you want, where you want it, all at once. Nobody works harder to help you turn your inventory more profitably. See your Dixie/Marathon representative for details.

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